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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.

- **CANBERRA**: 103.9 FM
- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **GOSFORD**: 98.1 FM
- **BRISBANE**: 936 AM
- **GOLD COAST**: 95.7 FM
- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 747 AM
- **NORTHERN TASMANIA**: 92.5 FM
- **DARWIN**: 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—FIFTH PERIOD

Governor-General

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

Senate Officeholders

President—Senator the Hon. Paul Henry Calvert
Deputy President and Chairman of Committees—Senator John Joseph Hogg
Leader of the Government in the Senate—Senator the Hon. Nicholas Hugh Minchin
Deputy Leader of the Government in the Senate—Senator the Hon. Helen Lloyd Coonan
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. Nicholas Hugh Minchin
Deputy Leader of the Liberal Party of Australia—Senator the Hon. Helen Lloyd Coonan
Leader of The Nationals—Senator the Hon. Ronald Leslie Doyle Boswell
Deputy Leader of The Nationals—Senator the Hon. 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
Leader of the Australian Greens—Senator Robert James Brown
Leader of the Family First Party—Senator Steve Fielding
Liberal Party of Australia Whips—Senators Jeannie Margaret Ferris and Alan Eggleston
Nationals Whip—Senator Nigel Gregory Scullion
Opposition Whips—Senators George Campbell, Linda Jean Kirk and Ruth Stephanie Webber
Australian Democrats Whip—Senator Andrew John Julian Bartlett
Australian Greens Whip—Senator Rachel Siewert

Printed by authority of the Senate
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(1) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. John Joseph Herron, resigned.
(2) Chosen by the Parliament of Victoria to fill a casual vacancy vice Hon. Richard Kenneth Robert Alston, resigned.
(3) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.
(4) Chosen by the Parliament of Tasmania to fill a casual vacancy vice Susan Mary Mackay, resigned.

PARTY ABBREVIATIONS
AD—Australian Democrats; AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Labor Party; FF—Family First Party; LP—Liberal Party of Australia; NATS—The Nationals

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
HOWARD MINISTRY

Prime Minister The Hon. John Winston Howard MP
Minister for Trade and Deputy Prime Minister The Hon. Mark Anthony James Vaile MP
Treasurer The Hon. Peter Howard Costello MP
Minister for Transport and Regional Services The Hon. Warren Errol Truss MP
Minister for Defence The Hon. Dr Brendan John Nelson MP
Minister for Foreign Affairs The Hon. Alexander John Gosse Downer MP
Minister for Health and Ageing and Leader of the House The Hon. Anthony John Abbott MP
Attorney-General The Hon. Philip Maxwell Ruddock MP
Minister for Finance and Administration, Leader of the Government in the Senate and Vice-President of the Executive Council Senator the Hon. Nicholas Hugh Minchin
Minister for Agriculture, Fisheries and Forestry and Deputy Leader of the House The Hon. Peter John McGauran MP
Minister for Immigration and Multicultural Affairs Senator the Hon. Amanda Eloise Vanstone
Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues The Hon. Julie Isabel Bishop MP
Minister for Family, Community Services and Indigenous Affairs The Hon. Malcolm Thomas Brough MP
Minister Assisting the Prime Minister for Indigenous Affairs
Minister for Industry, Tourism and Resources The Hon. Ian Elgin Macfarlane MP
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service The Hon. Kevin James Andrews MP
Minister for Communications, Information Technology and the Arts and Deputy Leader of the Government in the Senate Senator the Hon. Helen Lloyd Coonan
Minister for the Environment and Heritage Senator the Hon. Ian Gordon Campbell

(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. Eric Abetz

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

Minister for Human Services
The Hon. Joseph Benedict Hockey MP

Minister for Community Affairs
The Hon. John Kenneth Cobb MP

Minister for Revenue and Assistant Treasurer
The Hon. Peter Craig Dutton MP

Special Minister of State
The Hon. Gary Roy Nairn MP

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

Minister for Ageing
Senator the Hon. Santo Santoro

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. Bruce Frederick Billson MP

Minister for Workforce Participation
The Hon. Dr Sharman Nancy Stone MP

Parliamentary Secretary to the Minister for Finance and Administration
Senator the Hon. Richard Mansell Colbeck

Parliamentary Secretary to the Minister for Industry, Tourism and Resources
The Hon. Robert Charles Baldwin MP

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

Parliamentary Secretary to the Minister for Defence
Senator the Hon. John Alexander Lindsay (Sandy) Macdonald

Parliamentary Secretary (Trade)
The Hon. De-Anne Margaret Kelly MP

Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs
The Hon. Andrew John Robb MP

Parliamentary Secretary to the Prime Minister
The Hon. Malcolm Bligh Turnbull MP

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

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

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
The Hon. Sussan Penelope Ley MP

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

Parliamentary Secretary (Foreign Affairs)
The Hon. Teresa Gambaro MP
## SHADOW MINISTRY

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<td>Jennifer Louise Macklin MP</td>
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<td>Leader of the Opposition in the Senate, Shadow Minister for Indigenous Affairs and Shadow Minister for Family and Community Services</td>
<td>Senator Christopher Vaughan Evans</td>
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<td>Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology</td>
<td>Senator Stephen Michael Conroy</td>
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<td>Julia Eileen Gillard MP</td>
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<td>Shadow Minister for Primary Industries, Resources, Forestry and Tourism</td>
<td>Martin John Ferguson MP</td>
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<td>Anthony Norman Albanese MP</td>
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<td>Lindsay James Tanner MP</td>
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<td>Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services</td>
<td>Senator the Hon. Nicholas John Sherry</td>
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<td>Shadow Minister for Child Care, Shadow Minister for Youth and Shadow Minister for Women</td>
<td>Tanya Joan Plibersek MP</td>
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<td>Shadow Minister for Employment and Workforce Participation and Shadow Minister for Corporate Governance and Responsibility</td>
<td>Senator Penelope Ying Yen Wong</td>
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(The above are shadow cabinet ministers)
SHADOW MINISTRY—continued

Shadow Minister for Consumer Affairs and
Shadow Minister for Population Health and
Health Regulation
Laurie Donald Thomas Ferguson MP

Shadow Minister for Agriculture and Fisheries
Shadow Assistant Treasurer, Shadow Minister for
Revenue and Shadow Minister for Small
Business and Competition
Gavan Michael O’Connor MP
Joel Andrew Fitzgibbon MP

Shadow Minister for Transport
Shadow Minister for Sport and Recreation
Shadow Minister for Homeland Security and
Shadow Minister for Aviation and Transport
Security
Senator Kerry Williams Kelso O’Brien
Senator Kate Alexandra Lundy
The Hon. Archibald Ronald Bevis MP

Shadow Minister for Veterans’ Affairs and
Shadow Special Minister of State
Alan Peter Griffin MP

Shadow Minister for Defence Industry,
Procurement and Personnel
Senator Thomas Mark Bishop

Shadow Minister for Immigration
Anthony Stephen Burke MP

Shadow Minister for Aged Care, Disabilities and
Carers
Senator Jan Elizabeth McLucas

Shadow Minister for Justice and Customs and
Manager of Opposition Business in the Senate
Senator Joseph William Ludwig

Shadow Minister for Overseas Aid and Pacific
Island Affairs
Robert Charles Grant Sercombe MP

Shadow Parliamentary Secretary for
Reconciliation and the Arts
Peter Robert Garrett MP

Shadow Parliamentary Secretary to the Leader of
the Opposition
John Paul Murphy MP

Shadow Parliamentary Secretary for Defence and
Veterans’ Affairs
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 Industry,
Infrastructure and Industrial Relations
Bernard Fernando Ripoll MP

Shadow Parliamentary Secretary for Immigration
Ann Kathleen Corcoran MP

Shadow Parliamentary Secretary for Treasury
Catherine Fiona King MP

Shadow Parliamentary Secretary for Science and
Water
Senator Ursula Mary Stephens

Shadow Parliamentary Secretary for Northern
Australia and Indigenous Affairs
The Hon. Warren Edward Snowdon MP
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Tuesday, 28 February 2006

The PRESIDENT (Senator the Hon. Paul Calvert) took the chair at 12.30 pm and read prayers.

LEAVE OF ABSENCE

Senator GEORGE CAMPBELL (New South Wales) (12.31 pm)—by leave—I move:

That leave of absence be granted to Senator Bishop for the period 27 February to 2 March 2006, on account of ill health.

Question agreed to.

FUTURE FUND BILL 2005

Second Reading

Debate resumed from 9 February, on motion by Senator Ellison:

That this bill be now read a second time.

Senator SHERRY (Tasmania) (12.31 pm)—The legislation we are considering is the Future Fund Bill 2005. In speaking to this legislation on behalf of the Labor Party, I indicate that the Labor Party will be supporting it and that I will be moving a second reading amendment later, during business. This legislation gives effect to the government’s commitment to create a fund to provide for public sector superannuation liability payments. The liabilities, which are to continue to accrue, will gradually increase over the next 25 years, approximately, when they will reach a peak and then start to decline. At the present time these liabilities are paid from the budget on a pay-as-you-go basis. We pay the current age pension liabilities in the same way—on a pay-as-you-go basis. I point out that we have not set up a separate fund to pay the increasing age pension liabilities of this country. So it is not uncritical support that we bring to this legislation; there are some aspects of it that do concern us.

However, the purpose of this bill is to establish the fund and to provide it with funding from a number of sources, including the sale proceeds of Telstra. That in itself leads to questions about what moneys will be going into the Future Fund from the sale proceeds of Telstra and how certain governance issues that I will get to a little later will be exercised.

I wish to deal with a number of aspects of the Future Fund Bill. I will focus on what we regard as some serious weaknesses in the approach taken by the government, particularly in governance matters and the general efficiency of establishing a separate fund. We believe that the rationale for those two principles is questionable.

The public sector superannuation liabilities that the government is seeking to offset are finite because most of the relevant schemes and those that contain the greatest liabilities have been closed. These are the defined benefit schemes, the main public sector schemes—the PSS and the CSS—and also the Parliamentary Superannuation Fund. There are, however, a number of still open defined benefit funds or schemes—those that relate to the military, the Governor-General and judges. They will continue to accrue increasing liabilities.

If we look at the current pay-as-you-go basis for our public sector superannuation liabilities, we see that they are not a significant burden on the budget. They are well managed and they are well contained as a cost. There has been no particular difficulty in meeting those expenditures on a pay-as-you-go basis. At the present time they amount to approximately $4 billion per annum. That is a couple of per cent of total budget outlays. That $4 billion is likely to increase at its maximum and peak at a figure of approximately $7 billion. It may perhaps reach some 3½ per cent of total budget out-
lays. So it is a relatively small proportion of the total budget. As I said earlier, if we follow the logic of creating a fund to cover public sector super liabilities, presumably the same logic would be that you would establish a fund to meet what is effectively a defined benefit fund for the payment of age pension liabilities. But we are not proposing to do that.

What is being created is, over time, a very large, stand-alone and supposedly independent investment fund in order to provide for the payment of these liabilities. It is an investment fund separate from the funds that contain the public sector super liabilities themselves. In many respects it is the equivalent of an individual establishing a separate bank account with a large capital sum in order to use the interest that is earned year on year from that bank account to pay for, for example, their council rates or a significant ongoing liability that they know they are going to continuously receive. Council rates for an individual or a family are a significant impost. They can often cause difficulty with budgeting when they arrive. Sometimes people pay them quarterly; sometimes they pay them half-yearly or yearly. They do create difficulties for some people. Ultimately, it is not really sensible for people to set up separate bank accounts to earn interest in order to cover substantial areas of expenditure.

The setting-up of a separate fund does involve an operational cost, approximately $30 million a year, and we will get those final figures once the fund is up and running. It is an estimated $30 million a year to establish a separate fund when in fact the public sector superannuation funds that contain the liabilities also contain some assets. It poses the fundamental question: why aren’t the moneys being placed in the superannuation fund structures themselves? It would be a far more efficient way and, I would argue, a much safer way in terms of governance to place the funds into the existing public sector superannuation funds. With the creation of a Future Fund, we have got the creation of a new set of management, administration and investment skills, and the costs associated with that, when the investment management skills for the administration of moneys already exist within the current public sector superannuation funds. Nevertheless, the government has determined that it will create a new fund.

In the case of private sector superannuation liabilities, in this country the law requires full funding. An employer must place sufficient assets in the fund and, if there is a shortfall for whatever reason, the employer must correct that shortfall over time. The liability on the employer in the private sector to meet those payments and to meet the funding is not different in concept from what is being proposed by the government with its Future Fund. If in the private sector the law requires funding and the placement of the assets into the superannuation funds structure itself, why are we doing something different with the Future Fund?

The other advantage in placing the moneys within the trust structure of the existing public sector superannuation funds is that the governance arrangements are much stronger and much clearer. If the assets were placed in the existing superannuation funds, they would be covered by superannuation trust law. I would argue that, in terms of governance and preventing a future government—particularly the National Party—diverting moneys from what will be a newly established Future Fund, it would be extraordinarily difficult. It would be much more difficult to do it from an established superannuation funds structure. There would be such an out-
cry about taking moneys that have been deposited into a superannuation fund that it would be very difficult indeed to do. But a Future Fund, a separate fund, does make it more open to the possibility that we will have the National Party—and some of them at least, except for Senator McGauran, are socialists a hundred kilometres outside the GPO—wanting to dabble in all sorts of particular adventures, and this sort of fund and the governance that is being proposed does not preclude a party like the National Party dabbling in its favourite ventures in rural and regional Australia, using some of the proceeds.

We think it is a questionable approach in terms of the establishment of a new structure which will cost moneys to establish and to service ongoing management when we already have those structures in place doing a perfectly satisfactory job. Even the government, when I raised this issue with Senator Minchin in estimates, acknowledged that the current public sector superannuation fund trustees do a first-class job of administering some $10 billion plus in assets already. They get a very good rate of return with very low management fee costs. Again, it begs the question: why do we need to establish a separate fund?

The Minister for Finance and Administration, Senator Minchin, has argued that there is a conflict of interest between investing money on behalf of individual fund members with their money in a superannuation fund and investing on behalf of government with funds that will ultimately be appropriated for those individuals. That is just totally wrong. That is what a fully funded private sector superannuation fund does at the moment. It takes the money from the individuals and the employer—in this case, the Commonwealth government, if that is the approach—and it manages both groups of money, which are in fact held in trust as an asset to be accessed by the member of the fund, in this case in the form of a pension and/or some lump sum access when the individual reaches the access age.

So the government has a very technical view of this Future Fund and its basis. The government applies full funding requirements to private sector superannuation funds—defined benefit funds. It applies those laws rightly, in my view, very vigorously. The regulator, APRA, ensures full funding through an appropriate trustee, management and investment regime. If the government is applying that principle to itself, why doesn’t it deposit the money into existing superannuation funds?

Then there is the issue of the Telstra proceeds should the Telstra sale proceed. Despite this parliament having authorised the sale of Telstra, the government keeps making the point that it may not yet sell it. There are a number of complex reasons why it cannot sell Telstra or announce a sale date. Basically, the price of the shares has crashed. There are a lot of issues around that—the government’s mishandling of the proposal to sell Telstra not the least of them. The government cannot be sure that it will attract a decent price for the sale of Telstra. We have both the Treasurer and the finance minister, Senator Minchin, arguing an option at this stage that the entire proceeds of Telstra, whatever the value, may be shifted into the Future Fund.

If that occurs, the end result, whether it is just over 50 per cent or some lesser proportion—let us say it is 20 per cent if the government can sell off 30 per cent at a reasonable price—is that we will have a Future Fund overweighted in Telstra shares. That is not a balanced fund to give you a maximum rate of return. It leads to a series of practical issues—about which Telstra itself is concerned—about the Future Fund selling large
parcels of Telstra, as it would need to do over time. That will impact on the Telstra share price. So there is a question about what the government will receive in Telstra sale share proceeds if it sells part or all of it and whether it will transfer it into the Future Fund. It also raises an important question of governance. How would the Future Fund exercise the voting rights that come with the shares that are placed in the Future Fund? There are a range of governance difficulties around that.

One of the interesting aspects of the Future Fund is that the government’s projected earning rate is very conservative. I think it is the current long-term bond market rate. I am not sure what that precise figure is, but it is a conservative figure. There would be no sense in setting up a Future Fund unless the long-term real rate of return was going to be higher than the bond rate of return. I think that is what will happen. I think the long-term rate of return will be higher than the bond rate. Looking at long-term balanced investment funds historically indicates that a maximising rate of return commensurate with safety, which is what I think the Future Fund would do, will be higher.

That poses an interesting question: what happens to the actuarial calculated surplus that I believe will exist at points in time? What happens when the government receives the actuarial report that shows the fund is surplus to requirements? What happens to that surplus? Does it remain in the fund and effectively the asset to meet liabilities is accrued at an earlier date?

Senator Murray—It might be used every three years.

Senator SHERRY—On that basis the National Party could grab it every three years—you are right, Senator Murray. I am sure the National Party will be putting up their hands to grab that actuarial identified surplus for any manner of purposes.

I also want to address this issue in the broader policy context of the impact of the ageing population on the budget. It seems to me that the government is trying to walk both sides of the street in this debate. On the one hand, you have the Treasurer, Mr Costello, talking about the ageing population, the Intergenerational report and the need to ensure sustainable finances in respect of a range of policy long-term cost pressures as a consequence of the ageing population. On the other hand, the government has initiated a number of policies—and time does not allow me to go into any great detail today—which, because of the ageing population, will actually significantly increase liabilities in a number of expenditure areas, particularly in areas like health. So, on the one hand, it claims fiscal rectitude, long-term planning, responsibility and care about the ageing population and cost; and, on the other hand, in a number of policy areas on the expenditure side it has been increasing those costs—costs that will increase exponentially.

The Future Fund as outlined in this particular bill is not what was announced. There are a number of issues that go to allowing direct ministerial intervention—ministerial powers of direction that are allowed in respect of the Future Fund and that may expose the fund to political interference and undercut the investment performance of the fund. We do not believe that it is appropriate that ministers should be able to issue powers of direction. In this case the trustees are called guardians. In effect, there is no difference between a guardian and a trustee. Apparently, the term ‘guardian’ is the personal terminology creation of the Treasurer. We know that much from Senator Minchin’s comments in estimates. We do not believe it appropriate that ministers, in this case the Treasurer and the Minister for Finance and
The purpose of this bill is to establish a financial asset fund to meet the Commonwealth’s current and projected future unfunded public sector superannuation obligations. That current liability stands at about $90 billion and is projected to grow to about $140 billion by 2020. This bill proposes the establishment of the Future Fund, the Future Fund Board of Guardians and the Future Fund Management Agency. Critical issues to consider include the quantum of funds that are projected to be under management, transparency, board accountability and adequate and accurate reporting. These are all critical factors. A number of issues arise right up front that relate to the exercise of shareholder ownership voting rights. How will the Future Fund Board of Guardians exercise the voting rights of the financial assets under their control? Will there be a flow-through of proxies from fund managers to the Future Fund? Who will determine the voting pattern of the board on key investment matters, and against what criteria? And will it be politically influenced in any way in the future?

Ethical, socially responsible and so-called green investment policies are not discussed in the bill. Whilst there is merit in reserving investment decisions for the board, consideration should be given to limiting the investment in certain classes of financial assets such as tobacco. After all, this is a public sector body being set up in the national interest and it should be paying attention to issues such as those. Considering the importance of the decisions required in passing this bill, I note that the Senate wisely referred the bill to the Senate Economics Legislation Committee, which duly reported its findings yesterday following a somewhat rushed inquiry.

Whilst it is the decision of the committee that the bill be passed, with some suggested areas of concern noted for government consideration, I still have a number of concerns...
about the Future Fund that I wish to raise in the Senate today. Some of the concerns pertain to the merit of the Future Fund as a concept and, assuming the concept is realised, how it can be implemented to ensure that principles such as accountability, independence, transparency and propriety are upheld. There are indeed questions as to why the existing mechanisms for dealing with public sector superannuation funds have not been retained and why it is not possible to improve or increase the funding in those funds in a manner similar to those taken up by the states and territories. I refer you to appendix 3 of the report, where there is a useful table showing how the states and territories have addressed that matter, and none have adopted a legislative framework as is proposed here.

With regard to the merit of the Future Fund, one cannot ignore the scale of unfunded public sector superannuation. The Commonwealth’s unfunded public sector superannuation liability currently stands at approximately $90 billion, growing to approximately $140 billion by 2020—big bickies in anybody’s language. The government asserts that this is the single largest determinable forward liability and, as such, the purpose of the Future Fund is to make provision for more effective management of the Commonwealth’s balance sheet. The Future Fund is indeed one means of managing this liability, but it is not the only means.

The current method of funding the annual portion of the liability out of current revenue could certainly continue. The government’s argument against this alternative is that the liability will impinge upon the financial strength of future generations, yet there are two arguments that dispute this opinion. Firstly, the 2002 Intergenerational report—an excellent initiative by the Treasurer—asserts that unfunded government superannuation will fall, in fact halve, from 0.6 per cent of GDP in 2001-02 to 0.3 per cent in 2041-42, through the natural process of attrition in member numbers. A similar argument was presented to the committee by the expert witness Mr Kennedy and by the ACCI. Mr Kennedy stated that superannuation liabilities would level out in the future due to the falling number of members drawing down on unfunded superannuation commitments and that this liability is relatively insignificant compared with other unfunded and growing forward liabilities such as social welfare, including age pensions. However, it is asserted that future social welfare cannot be reliably measured and, as such, is not recognised as a liability for balance sheet purposes. From a commonsense perspective, as opposed to a technical perspective, that is a poor argument as it is certainly possible to credibly estimate future welfare obligations.

Regarding the accounting principle of a defined liability, from a balance sheet accounting perspective the recognition principle means that a liability is recognised—and, as the government asserts, is determinable—only once it can be reliably measured and is a probable future expense. Problems with measurement and timing do not mean that such unfunded obligations are not going to occur—there is simply greater uncertainty about questions of how much and when. Thus it is wise to not stick one’s head in the sand but, rather, acknowledge that, yes, there is consensus that social welfare, including age pension obligations, rather than unfunded public sector superannuation is the single greatest financial obligation facing future Australian generations; and, yes, while there is uncertainty about the quantum and timing of such obligations, they will still be very large.

More importantly, diverting public money to the Future Fund to ease the financial pressure of future generations is erroneous in the sense that there is a need to recognise the opportunity cost of an investment in the Fu-
ture Fund because there will be less investment available in areas such as health, the environment, infrastructure, tax reform and social welfare. Those areas of reform would also benefit future generations and ease their financial burden. Indeed, such investments have the added benefit of boosting productivity and stimulating the economy, unlike the priority of a Future Fund which is to merely meet a future expense. Of course, I recognise that there is an indirect intention, because if you invest in the Future Fund you invest in the capital markets, and capital markets invest in productive activities. So you cannot completely discount the beneficial effects of that investment. Prioritising unfunded public sector superannuation, a defined liability with an extant method of funding, is equivalent to avoiding other undefined but equally pressing reform options—options with far better future economic and social outcomes.

The ACCI is correct in asserting that there is an opportunity cost associated with placing the money in the Future Fund when there are alternative present uses for it. The government responds with the view that the Future Fund is an 'ex-post' fund—that is, a fund which receives contributions only after all other investment decisions have been made. In other words, it is a genuine surplus after you have completed your budgetary intentions. But this is a notional assurance. It offers no protection for alternative investments or budget decisions of either a current or capital nature, since such alternatives can be easily avoided through policy setting and prioritising. Otherwise stated, an 'ex-post' fund can receive the entire surplus if no other investment decisions are made or if such decisions are not a priority for the government of the day. Indeed, the long-term perspective raises other worrying concerns, as suggested by Mr Kennedy at the inquiry into this bill. He stated:

In being created as such a long-term strategy, the Future Fund would inevitably find itself under the stewardship of different future governments and parliaments with, perhaps, a vastly different make-up to what we have come to expect, and for whom the policy agenda, and associated political and fiscal priorities, may profoundly differ from the present.

The inquiry did agree that it is not possible to completely insulate the Future Fund and that future governments will be able to change the law regardless of what are seen to be the prudential underpinnings of the bill. Thus, this is an obvious risk that arises from this form of financial planning undertaken by the government. It is important to recognise that it is a greater risk than the existing manner in which superannuation is managed.

If, as is obviously likely, the Future Fund becomes a reality—because the government has the numbers and, anyway, there is support from the opposition for this concept—the relevant question to ask is: what steps should be implemented to ensure the highest fiduciary standards apply to the management and stewardship of the fund? Considering the quantum of funds that are projected to be under management, from the Democrats’ perspective, corporate governance, transparency, independence, board accountability and adequate and accurate reporting are critical factors that must be instituted if the fund is to be successful. Furthermore, they must be monitored and they must be responded to if they are inadequate.

Key priorities in this area include a well-defined code of conduct for the board of guardians, including transparent processes, appointments on merit and well-defined conflict of interest safeguards. On the investment mandate side of things, there must be an ethical investment policy, a high level of independent professional analysis and the diligent exercise of voting on important matters.
I was pleased to note the suggestion from Mr Sandy Easterbrook of Corporate Governance International that the Future Fund provides a major opportunity to be a market leader in terms of best practice voting policy and engagement with companies in which a shareholding is held. The government should not resile from that obligation to be a leader in modern, accountable, ethical and advanced market participation by investment funds. As I have already stated, these are crucial areas from the Democrats’ perspective. Mr Easterbrook stated:

It is now accepted that best practice is that funds should vote their shares in all cases and should make sure that their voting is well considered. I concur with the ideal of voting occurring in all cases, and I would encourage the government to adopt this practice as a matter of principle for the Future Fund. However, I recognise that investment managers are not always equipped to vote on all matters and they need to develop the abilities to do so. So my amendment, which will be put out later, only mandates voting in three key areas.

As I said earlier, there are questions relating to voting that need to be answered. They need to be determined in the founding principles and obligations that are applied to the board of guardians, and not later on. The government must put down its expectations. It must say how the Future Fund Board of Guardians will exercise, in general, the voting rights of the financial assets under their control. They must not have a hands-off approach to voting, in my view. It must indicate that there should be a flow-through of proxies and that proxies should be exercised. It should ask the board to be specific as to how they determine their votes. And, of course, the government must put in as many protections as it can to prevent or limit future political interference in the way in which the funds are employed.

The OECD principles of corporate governance, which were put out in January 2004, say the following concerning disclosure of voting:

- The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.
- Institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights.

That is a very strong injunction for these sorts of funds not only to be participants in the market process but to be very clear, transparent and public about what their policy is. The OECD principles also state:

The voting record of such investors should also be disclosed to the market on an annual basis.

The Democrats believe that the trustees and managers of superannuation funds and managed investment schemes have a fiduciary duty to act in the best interests of their members and beneficiaries. We believe that a trustee can only satisfy their fiduciary obligations by taking an active interest in material corporate governance activities of their equity investments. That active interest requires them to develop an informed and professional understanding of these matters. Material corporate governance activities would include voting on three key matters, and in our view these are the three that matter most:

- on any constitutional issue— in other words, any change to the constitution of a company;
- on any decision affecting the election of directors; and
- on the remuneration packages of directors.

We note that Mr Easterbrook of Corporate Governance International goes further, but we believe that at least voting on these three matters should be mandatory. The Democrats will attempt to amend the legislation to extend the requirement to vote on material cor-
porate governance resolutions to the Future Fund managers. Responses from Treasury and the Department of Finance and Administration about the exercise of voting rights for the Future Fund were decidedly and deliberately vague. Clause 24 of the bill was referred to as a suitable guiding principle ‘in a broad sense’. It is not. It is an invitation to a laissez-faire approach, it is an invitation to a hands-off approach, and in my view it is a derogation of responsibility. To put it frankly, the government need to set founding principles which clearly establish issues of public and national interest leadership in ethical corporate and investment governance. They clearly need to spell out—and they have the ability to do so—what they expect from that board.

Corporate governance and investment principles are not about broad and vague policies. They are about specificity, what can be done and what cannot be done—and in making those remarks I refer you to books such as the Blue Book: Corporate governance—A guide for fund managers and corporations, issued by the Investment and Financial Services Association Ltd, which are clear attempts to be specific about these matters. A broad, vague reference to what may or may not apply, conditional upon this or that, merely has the opposite effect of reducing transparency, crippling corporate governance structures and reducing responsible market behaviour.

Appointments on merit are another long-standing Democrat initiative that we continue to pursue and which have direct applicability to the Future Fund Board of Guardians. Wherever appointments are made to institutions set up by legislation, independent statutory authorities or quasi-government agencies, the processes by which these appointments are made should be transparent, accountable, open and honest. It is still the case that appointments to statutory authorities are left largely to the discretion of ministers with the relevant portfolio responsibility. There is no umbrella legislation that sets out a standard procedure regulating the procedures for the making of appointments. Perhaps most importantly, there is no external scrutiny by an independent body of the procedure and merits of appointments. An independent body should be given the responsibility of scrutinising government appointments against a set of established criteria.

This system works well in the United Kingdom since the 1995 Nolan commission. Lord Nolan managed to persuade the UK government to accept that appointments should be based on merit. Lord Nolan set out key principles to guide and inform the making of such appointments. These include: a minister should not be involved in an appointment where he or she has a financial or personal interest; ministers must act within the law, including the safeguards against discrimination on grounds of gender or race; all public appointments should be governed by the overriding principle of appointment on merit, except in limited circumstances; political affiliation should not be a criterion for appointment; selections on merit should take account of the need to appoint boards that include a balance of skills and backgrounds; the basis on which members are appointed and how they are expected to fulfil their roles should be explicit; and the range of skills and backgrounds that are sought should be clearly specified.

In response to the Nolan committee’s recommendations, the United Kingdom government subsequently created the Office of the Commissioner for Public Appointments, which has a similar level of independence from the government as the Australian Auditor-General, to provide an effective avenue of external scrutiny. The Democrats have used the Nolan committee’s recommendations in our persistent campaign for ap-
pointments on merit amendments in various items of legislation because they are tried and tested. Meritorious appointments are the essence of accountability. We will move appointment on merit amendments to this bill, even though we know that this government will reject, probably for the 30th time, the idea of appointments on merit.

Senator WATSON (Tasmania) (1.11 pm)—I rise today to add my support to the government’s Future Fund Bill 2005. This bill is a very positive initiative to minimise future impacts brought about by past unfunded superannuation obligations on the Commonwealth. For years, legitimate criticism has been levelled at various governments about the size of this unfunded liability. Over past years, we have seen most state governments, in one way or another, move to fund their superannuation liabilities. The Commonwealth has indeed been a leader, particularly under this coalition government, because it has shifted from what is known as a defined benefits system to a defined contributions system. Nevertheless, we are left with the legacy of legal liabilities in respect of superannuation from the build-up in past years.

There are a range of reasons why dealing with this unfunded liability now is important, not least of which is the equity issue inherent in any intergenerational transfer of wealth or liabilities. Why should future generations unnecessarily pay for the largesse of former generations? Currently, we all know that, because of the good government of this country, Australia is enjoying a remarkable period of strong economic health and growth. So during this time the Howard government has very astutely retired something like $97 billion of government debt, largely from the sale of assets, and has conscientiously kept the Commonwealth budget in surplus. I regret that this is not a practice that is currently being followed by all state governments, despite the large amount of GST revenue building up their revenue base.

The Future Fund Bill will continue that tradition of leaving our future generations in the strongest possible position, and I therefore endorse it. We have no guarantee that future generations will necessarily enjoy the same benefits that we do now, particularly if we are headed by a different government to the one currently leading this nation. Indeed, with our ageing population, it is almost certain that there will be problems in the future. Therefore, it is prudent to ensure that the debts accrued by today’s generation, and past generations, are paid for by today’s generation.

Submissions to the committee inquiry outlined a number of concerns about the Future Fund Bill, not the least of which being that the Future Fund will be used as a hollow log. This concern is a flipside of the equity issue that I raised earlier, as we do not intend the Future Fund to be used as some form of piggybank to be raided on a rainy day and used for all manner of purposes. While this is a valid concern, it is a concern that the bill attempts to address. The bill implements a number of safeguards on the manner in which moneys can be released from the fund and ensures that the fund will not be used for non-superannuation purposes.

There is a big difference between the Howard government and the ALP. What do we find with the ALP? The ALP produced a second reading amendment which shows them in their true colours. While the government has legislatively attempted to ensure that the moneys set aside and built up by the accumulated revenue within the Future Fund are not used for purposes other than superannuation, the ALP have no such intention. They take an entirely different view, and we see this quite openly and opaquely in Senator
Sherry’s second reading amendment. The second reading amendment says:
(2) the income stream from the Fund—
according to Senator Sherry and the ALP—
should be used for productive national economic purposes rather than being set aside solely to offset the cost of public sector superannuation as the Government intends.

Here in the open is a manifestation of the Labor Party’s trickery.

Senator Sherry—Shock, horror!

Senator Watson—They say, ‘Shock, horror!’ It is indeed shock, horror—and I think I have a responsibility during this debate to outline the subterfuge of the Labor Party. While supporting this, they take a hollow log type approach to it. I think that needs to be said.

Another concern has been expressed by some that the money should be spent on tax cuts, infrastructure and any number of other good projects and agendas. The obvious reply here is that it is possible to address the sleeping bear issue of unfunded superannuation liabilities and at the same time implement tax cuts—and I am confident that, in the coming budget in May this year, we will see reforms in this area. In some ways, tax cuts are a bottomless pit and can exacerbate the intergenerational transfer of wealth problem which I mentioned earlier. Putting off to tomorrow what you can do today is never good policy and could well be disastrous as the Commonwealth gathers more and more obligations with fewer taxpayers well into the future because of our ageing population.

On a more positive note, the previous action of eliminating the old defined benefit system plus the increasing value for public servants from the growing accumulation funds will mean that the Commonwealth superannuation obligations will peak and then fall as a percentage of GDP over coming decades. These reforms will further assist in softening the cash flow of future superannuation payouts and the general growth in accumulated funds nationwide will soften the blow of the aged pensions needed for our expanding number of retiring Australians.

The current liability for unfunded superannuation is something of the order of $90 billion. Some have criticised the need for the Future Fund, saying that the discharge of the unfunded superannuation—met on an annual basis by payments from consolidated revenue as the legal payments become due—represents only a small percentage of GDP. While this percentage argument might be true, it does not mean that the Future Fund should not be established. I believe that the challenge for the board will be to keep administrative and operational costs down, achieve their benchmark return rates and efficiently and effectively discharge their obligations to Australian taxpayers.

I believe there could be a number of minor refinements to the bill—and I am sure that the government will take my points on board. With respect to the manner in which the board members are appointed, I would like to see a more formal system put in place—a system which shows a degree of openness and transparent scrutiny of all the candidates to ascertain the merit of their appointment and independence. I believe this is important for two reasons: firstly, to ensure that all board members are eminently qualified and able to carry out their duties—$18 billion of taxpayers’ money deserves capable overseers; and, secondly, to restore and maintain public confidence in the way taxpayers’ money is handled, particularly by people outside the parliament.

I have also looked at the issue of the ownership of Telstra shares and how this transfer should be handled, because this can have ownership implications for Telstra as well as some taxation implications. In fact, I think
Telstra is somewhat justified in calling for some notification of when the government intends to transfer Telstra shares to the Future Fund. That said, I believe that the time frame of 60 days requested by Telstra is far too generous. Telstra needs to get its act together. Perhaps a fortnight would be a more appropriate time frame than what Telstra has submitted.

Telstra initially had some concerns regarding the potential tax implications of a transfer of Telstra shares to the Future Fund. Central to Telstra’s concern is the interpretation of section 8AYD of the Telstra Corporation Act 1991. We have been advised by the Department of Finance and Administration that the intention of this section was to remove certain powers that the Commonwealth currently has due to its controlling interest in Telstra. It was not intended, according to the Department of Finance and Administration, to have any application to determining the ownership of the company for taxation purposes. The Department of Finance and Administration then went on to say that the department is working constructively with Telstra on this matter and that currently the department is optimistic that any issues are capable of being resolved administratively and, at the same time, is not convinced of the need for any change to either the Future Fund Bill 2005 or the Telstra act, as suggested by Telstra in its submission and in a number of press releases. The Senate economics report addresses both these issues quite satisfactorily.

To conclude, the Future Fund Bill is a very prudent piece of economic management ensuring that we as a generation meet our obligations, particularly in circumstances of strong and significant budget surpluses. I strongly urge my fellow senators to give their support to the bill without the Labor Party’s atrocious amendment.

Senator HUMPHRIES (Australian Capital Territory) (1.25 pm)—Like Senator Watson, I rise to commend the government for this far-sighted and important step in securing the future of Australia’s fiscal and economic stability. Also—on a more personal level, in a sense—I commend the government for having the foresight to provide for the superannuation requirements of many of my constituents, who obviously will benefit more directly from provisions of this kind, which provide for the future retirement needs of Commonwealth public servants. Of course, these funds will also be available to secure the retirement incomes of members of the federal parliament, but that is a matter I note only as a small aside.

The fact is that a measure of this kind is extremely important and makes an important provision for the capacity of the next couple of generations of Australians to meet not only their obligations to their community but also those of the previous generation of public servants who reach retirement age. Why do we need to do this? Very simply, the Commonwealth’s unfunded superannuation liability at this moment stands at about $90 billion. That is an enormous amount of money, approaching half of the total annual expenditure of the Commonwealth in any given year. By 2020, less than 15 years from now, that figure will reach $140 billion, approximately two-thirds of today’s annual Commonwealth expenditure.

So to ignore the implications of these facts or to suggest that somehow those who are making public policy in 2020 will be able to cover that kind of liability is laissez-faire nonchalance. It is bad governance, it is foolish and it is grossly unfair to the next generation of Australian taxpayers. I am proud to say that the Australian government has seen that need and has seen that a fund of this kind is important to guarantee intergenerational equity and also to ensure that Australia
is able to continue to project a strong sense of economic and fiscal responsibility in its management of its obligations to both public servants and, in particular, people such as members of the Australian Defence Force.

Financial security is an essential part of human security. I am happy to say that the government is taking steps to secure the retirement funds of young men and women who are serving Australia’s interests today in difficult and dangerous conditions around the world. It may be unsexy, it may be even a little boring, to put so much money away into a fund of this kind to cover the superannuation payments required for current public servants. But it is a responsibility that we all bear. If we do not make provision for that obligation we run the serious risk that, at that point in the future, either those liabilities will not be met or, perhaps slightly more likely, they will be met but at a great cost to the capacity of the next generation of Australian taxpayers to fund other important social objectives.

I mentioned a moment ago the issue of fairness. Australia is getting older. I read in the newspaper that we are getting a little bit fatter as well. Perhaps we are getting a little bit wiser. But, whatever the concomitant conditions, we are definitely getting older.

Senator Sherry—Fatter and wiser!

Senator HUMPHRIES—As Senator Sherry said, getting wiser as well. Obviously my speech is proof of that fact!

Senator Sherry—Self-praise!

Senator HUMPHRIES—Indeed—I take what I can get, Senator Sherry. But we are failing in our responsibilities if we do not anticipate the challenges that such ageing and gentrification will bring. As I said, by 2020 our liabilities will have reached $140 billion. With this measure the government is putting aside an initial payment of $18 billion. I think that guarantees that the fund is well on its way towards providing for the obligations the Australian community has to meet at that future point.

I note the range of views which have been expressed by the Australian Labor Party about the idea of a future fund. I cannot honestly say that I can detect a single view—’a range of views’ is the kindest description I can use with respect to their position. They have argued that perhaps we are putting this money into the wrong kind of chest. They have suggested at other stages that the fund is open to some form of manipulation. I note that on 10 May last year, just after the federal budget, the shadow Treasurer, Mr Swan, said that the Labor Party would support a future fund—thank you for the vote of confidence, Mr Swan—as long as it was locked away in a locked box and could not be raided by the National Party. That is an interesting comment, which contrasts in many respects with the comments made by Mr Beazley, the Leader of the Opposition. Mr Beazley said that he wanted a fund which, far from being locked away, was accessible for the purposes, as he put it, of laying the foundation for higher growth rates. He went on to say that ‘higher productivity and higher growth are the best and only ways to lay a strong foundation for the future’.

I further contrast those views with those of the Labor member for Fraser, Mr McMillan, who was at a budget breakfast the day after the budget. He praised the concept of a future fund, but suggested that more infrastructure work should be funded from that kind of measure. I think it is fair to say that Mr Beazley has a point in saying that investing in Australia’s infrastructure, if that is what he intends, and other measures to produce higher productivity and higher growth are good things and lay a strong foundation, as he suggests, for the future. But there is an essential ingredient that would link such a concept back to the concept of providing for
the future liabilities of the Commonwealth with respect to superannuation. That is, you use the benefits of higher productivity and higher growth—meaning more revenue collected by the Commonwealth—to put money aside for just that purpose, without assuming that the higher growth and higher productivity will lead to the extra dollars being available at the point in time when you are going to have to spend it on meeting your obligations to public servants.

The fact is that that need and opportunity will not necessarily coincide. More importantly, the Australian Labor Party has shown very little capacity when the times are good to put away dollars for these sorts of purposes. We had, during the 13 years of Labor government between 1983 and 1996, a number of years when the Australian economy experienced quite satisfactory and good periods of growth. We also had some periods of recession; we all recall Mr Keating’s comments about the recession we had to have. But there were periods of growth. And what happened to the Commonwealth’s capacity at that time to meet these sorts of obligations? It was going backwards. We came to office in 1996 with, as Senator Watson has observed, debts of almost $100 billion. That is testament to how well or poorly the Australian Labor Party takes the trouble to put aside money that it reaps from higher productivity and higher growth. On its track record it cannot be trusted to make those sorts of provisions.

A measure such as a future fund is important to be able to secure those funds that come into the Commonwealth’s hands as a result of, for example, higher productivity and higher growth and put them aside for this very important obligation. The chief executive of the Australian Council for Infrastructure Development, Mr O’Neill, said, in the Australian Financial Review on 18 June, that there is no shortage of money for infrastructure developments in Australia at this moment. He makes the very good point that there is a lot of money in the system and that we do not, for the most part, need to divert money of this kind heavily into infrastructure projects that cannot be obtained in the marketplace. It is important, irrespective of what the periodic condition of the market is with respect to funding for infrastructure development, that there be a long-term strategy for securing obligations and liabilities into the future—and there is none bigger than the obligation to the Australian community with regard to superannuation for public servants. There is none larger than that $140 billion we have to find by 2020.

I strongly commend this bill. I note that it is not intended to be part of the current operating accounts of the Commonwealth on a day-to-day basis. It is to be separate. It is to be put aside with very strict rules about how it can be used. It is to be managed accountably and openly. I believe that, in those terms, it will operate very importantly as a bulwark against mismanagement in the future. Whereas I would like to think that the sound economic management which this government offers Australia will continue forever, I acknowledge that that is unlikely and that one day others will be on the Treasury benches. When that happens—hopefully it will not be soon—the Australian community will be grateful for the fact that provision was made through this legislation to put aside funds that otherwise might have been raided for short-term political gain by a government with much less financial prudence than has been shown by the Howard government.

Senator STEPHENS (New South Wales) (1.36 pm)—I rise to contribute to this debate on the Future Fund Bill 2005, which, as we know, gives effect to the government’s commitment to create a fund to provide for the public sector’s superannuation liabilities.
These liabilities are continuing to accrue and will gradually mount over the next 20 or 30 years, with the Commonwealth Superannuation Scheme and the Defence Force Retirement Benefits Scheme currently completely unfunded, and liabilities accruing under the Military Superannuation and Benefits Scheme and the Public Sector Superannuation Scheme only partly funded. Together, these schemes make up 95 per cent of the government’s superannuation liabilities. Payments of the fund will generally not begin until after 2020, although this will depend on financial circumstances leading up to that time. The initial capital for the fund will be a transfer of $18 billion from the RBA, and the government has not committed itself to providing additional funding apart from this amount. As we know, the Future Fund board will be responsible for deciding how to invest those funds.

Labor have some genuine problems with what we regard as serious weaknesses in the approach being taken by the government, even though we do acknowledge and support the broad concept of the Future Fund. As Senator Sherry has already indicated, the rationale for the legislation itself is highly questionable. Firstly, the public sector superannuation liabilities that the government is seeking to offset are finite, because the relevant schemes have been closed. Secondly, at the moment the percentage of the annual budget of the government that is occupied by public sector superannuation liabilities is still a small proportion of the total budget. This fund will bring an additional cost of $30 million for a separate fund over four years. We have to ask: do we really need this?

The Minister for Finance and Administration, Senator Minchin, has suggested that there was a potential conflict of interest between investing on behalf of individual fund members with their money versus investing on behalf of the government with funds that would ultimately be appropriated to the individuals. Frankly, I am not convinced by that argument. Of course, the Treasurer—and today we have heard the same debate here and the same assertions made—when he announced the Future Fund drew heavily on the Intergenerational report, painting a grim picture of the likely impact of the ageing of the population on the federal budget over the next 20, 30 and 40 years, particularly with respect to health expenditure, aged care expenditure and various other items in the budget.

The 2002 Intergenerational report provided some pretty frightening projections of the likely impact of the ageing of the population on fiscal balances. The government has used this report to justify so many of its policy pronouncements in recent months: cutting access to the Pharmaceutical Benefits Scheme, reducing the number of people on disability support pensions and supporting its broader political agenda. So it suits the government to talk about the ageing of the population and the longer term impact that will have on the nation’s fiscal circumstances. But it also suits the government because this government is rolling out a variety of new entitlements to particular groups—entitlements that will inevitably explode in their burden on the federal budget over time. These are entitlements like the mature age tax offset, the utilities allowance, the capital gains tax exemption for people retiring from small businesses and the superannuation co-payment. This is a growing list of entitlements that the Howard government is producing purely for political support and which will be very substantial longer term burdens on the budget, especially once the baby boomers retire.

So the Future Fund is more an investment in the future of the Howard government. It is not an investment in the future of this nation or in the long-term national interest. Labor
have a better alternative, and we will harness the fund to meet our long-term challenges while ensuring its absolute independence.

We need to think very carefully about the economic prosperity of our nation and the challenges that we face. We have had 14 years of uninterrupted growth, but our future prosperity could well be at risk by many external circumstances. That is not being a naysayer; the Business Council of Australia recently warned that the performance of Australia's economy is slipping and we are heading for trouble. They disagree with the government on a number of key areas of policy which go to the heart of securing the future prosperity of the nation: the failure of the government to reform the tax system, to put incentives in it and to keep it efficient and fair; the failure to ensure that we are internationally competitive; the regulatory burden, which is a drag on productivity; the failure to invest in the skills and the education of our people; and the failure to deal with the entrenched buck-passing and overregulation which flows from gridlock in federal-state relations. These are all important matters that we need to attend to to protect our prosperity well into the future.

We have the capacity for our future prosperity to create wealth for future generations, but right now that is at risk and the most fundamental thing that as a nation we can and should do is cope with the ageing of our population by creating wealth. First and foremost that is the factor that enables us to deal with the long-term pressures of the ageing of the population. Central to wealth creation, of course, is our productivity and the fact that we must lift our productivity over time.

If we look at what has been happening recently, we see that our productivity has gone into reverse. In 2004-05 labour productivity fell by 1.3 per cent—the first fall since 1986-87, the largest since 1982-83 and only the sixth fall in the last 39 years. It was a broad based fall, with 11 of 14 market sectors recording a decline in productivity. That should set alarm bells ringing for all of us, but it does not seem to have set alarm bells ringing for the government. The government has put all its eggs in the basket of a low-skilled, low-wage path, claiming that its response to declining productivity—a range of industrial relations changes which will eat away at the living standards of many in our workforce—is going to be the magical solution. Everyone in the country agrees that we need a broad based reform program and a vision across a raft of policy areas to deliver the productivity that we require for the future—everyone, it would seem, except the Treasurer and the Prime Minister.

Nothing is more symptomatic of our decline in competitiveness and the decline underneath that in our productivity than our recent trade performance. The Minister for Trade claimed recently in the House of Representatives on the back of one set of figures that somehow the records that have been set with current account deficits in recent times have been dealt with by a slightly improved recent performance. Well, I do not think so. There is a very long way to go if we are to deal with our entrenched problems of competitiveness and their reflection in our current account deficit and escalating net foreign liabilities. We have a long way to go to lift our trade performance from where it is at the moment. While we have a one-off boost to our national economy from record commodity prices, that certainly cannot be guaranteed to be there forever. So the circumstances now are such that we must invest in the future, and this Future Fund is not setting Australia up to do that. This is why so many people hold such deep reservations about it and about the motivation of the government in setting it up in such an inappropriate way.
Our poor performance in ETM exports is well documented, from double-digit growth in the nineties to almost half now being in absolute decline. We are already aware that, since 2000, Australia has actually shed something like 115,000 of our manufacturing workforce jobs. There is certainly a challenge for us there. We know that, as things get tougher, particularly for our manufacturing industry, we need to be looking at the rest of our economy and at how we can improve productivity. We also acknowledge that, if we get the policy settings right in this country, there are great opportunities in that restructuring and in the movement of wealth across the Asia-Pacific. But what we have to do is put in place the policy settings that maximise the opportunities for this country.

If we look at what is going on with service exports, we find there are other great challenges there. Our overall export performance in services is dismal and the challenge to lift its performance is daunting. Our service sector exports are just four per cent of GDP—the third lowest in the OECD and one-third of the OECD average. Just 27 per cent of our service exports lie outside tourism and transport, down from 30 per cent in 2000. Tourism and transport are important, of course, but what about the vast array of other high-skilled, high-value-added services? We need to see that we have an investment in high-end services such as education, financial services, communication, computer services, medical research and software. They are the big challenges that we face as a nation. What is this Future Fund doing to contribute to that?

Most thinking people who have observed our economy over the years recognise that there is a need for a new vision in this community that goes to the heart of lifting our productivity and competitiveness. We are not getting that in the Future Fund Bill. We are getting this very narrow focus based on industrial relations changes and we see this peculiar thing, the Future Fund. We need something much broader than that—something that is crucial to lifting our trade performance, creating wealth, sustaining prosperity and making our economy much more productive across a range of policy areas, with a new range of policy initiatives.

Let us have a look at this Future Fund and how it is going to play its role. It certainly does not actually do anything about lifting productivity or sustaining our prosperity. It does nothing. It is really a solution which is looking for a problem. The problem the government has identified is increasingly under-funded public sector superannuation liabilities. On the face of it, the figures are pretty daunting. We talk about an increase to $140 billion over the next 10 years. But, in fact, that headline number is misleading. What is crucial is not the absolute size of superannuation liabilities but the cost to the budget each year arising from those liabilities. The reality is that the official projections show that the cost to the budget is currently in decline. While the government has refused to release the latest projections, the future call on the budget was further diminished, as I said before, by the closing of the Public Sector Superannuation Scheme on 1 July last year. Public sector superannuation liabilities are a problem that has already been solved with the closure of the fund. It is a big red herring in this whole debate.

Labor’s alternative is a much more sensible one. We believe that the government’s priority should be to secure our future prosperity by lifting the productive potential of the economy as soon as we can to meet the challenge of intensifying competition in our region, to capture a much greater share of the opportunities that are arising from that and to minimise the risk flowing from it. Under Labor, the assets in the government’s Future Fund would be retained in the Building Aus-
tralia Fund. However, under Labor, the income stream from the fund would be applied to productive purposes, including infrastructure investment, and not set aside solely to offset the cost of bureaucrats’ superannuation payments, which are already in decline.

What we need is some national leadership in infrastructure. It is not just a question of trumping up public funds. We need a completely new national approach to infrastructure which brings the capacity of government, the private sector, state governments, local governments and communities together to meet the challenges across the board and to do something about our ageing infrastructure that is going to lift our productivity. But there is nothing about any of that in this bill.

The Reserve Bank of Australia cautions that capacity constraints in the non-residential construction and resource sector mean that new projects are being put off. Even the Prime Minister’s own hand-picked task force found that there were underlying weaknesses in Australia’s infrastructure which must be addressed to ease capacity constraints and bottlenecks in export industries. A federal Labor government will allow the Future Fund to consider all important investment opportunities suitable to its return and risk objectives, and that would include commercially attractive infrastructure investments. That is an important difference.

But what really disturbs us about this fund, apart from the missed and lost opportunities that it presents, is really the issue of governance. That is what has been discussed here in the chamber today in several of the contributions to the debate. It is worth recalling the government’s promise when the details of the Future Fund were announced in last year’s budget. The government said:

The Fund will be managed by an independent statutory board ... in accordance with a broad investment mandate issued by the Treasurer and the Minister for Finance and Administration ... the Board will set the investment strategy and the strategic asset allocation for the Fund ... actual investment management will be contracted out to private sector funds managers ...

In other words, the government will set the risk and return objectives of the fund, an independent board will decide what type of investments will enable them to achieve these objectives and independent fund managers will decide on what specific investments will be purchased. That is what they said then. The Treasurer crowed at the time that the fund would be managed by experts, free from government interference. But that is not the case.

The committee heard in evidence to its inquiry that this certainly is not the case. The bill demonstrates that that is not the government’s intent. The bill shows that the government’s power over the fund will go far beyond the setting of a broad investment mandate. It is intended to empower the government to direct the investments contained in the fund. We had a lot of discussion and speculation about the chief executive officer in a discussion about the probity issues. That was raised again here in the chamber by Senator Watson. It was very concerning to all senators from both sides of the chamber who were involved in the inquiry. The rules that govern the operation of this fund are not what was originally promised by the government and they are not what they should be if this money is going to be locked away for the future, as the government claims.

The fund will not be overseen by trustees, as is the case with every other public sector superannuation fund in the country. There will be no trustees whose independence will be protected by law and who will have the duty to act only in the best interests of the fund when it can be subject to political direction. Instead, the Future Fund will be overseen by so-called guardians who must do
what the government tells them, even if, in their professional judgment, it is not in the best interests of the fund. This hardly seems to be good governance to me.

We had a long discussion in the inquiry about the announcement during the summer period about the placing of Telstra sales into the Future Fund and the arrangements that might exist around that proposal. We are very concerned about this. Some interesting scenarios were discussed about falsely inflating the value of the Telstra shareholding to ensure the government’s forward estimate of zero net debt appears achievable. Anything can happen with these arrangements, but the risks go far beyond Telstra. We are genuinely concerned about the government’s power to direct how an additional $18 billion pool of cash is invested.

We talked about the pork-barrelling proclivities of this government, particularly those of The Nationals. We have seen just in recent days how the National Party electorates have been favoured in so many programs of this government. Its track record certainly does not give us any comfort that this money will be used to lift Australia’s productive capacity at all. We know, of course, that it is going to be used to try to lift the Liberal Party’s popularity in marginal electorates. That really is what this is all about. The Future Fund, as we see it here on this side of the chamber, is at risk of being manipulated by a government that is intent on securing its own political mandate for a further decade, heaven forbid. We are very keen to see that some good governance amendments are put to the bill—that is, those being suggested and supported by the Democrats and Senator Sherry on behalf of Labor.

Senator WEBBER (Western Australia) (1.54 pm)—Before I commence the substance of my remarks on the Future Fund Bill 2005, I would like to take a moment to thank my fellow members of the Senate Economics Legislation Committee and the secretariat of that committee. As fellow senators may be aware, the hearings into the Future Fund Bill were held at the same time that the chamber was considering the private member’s bill dealing with RU486. It makes organising representation in both places a little difficult, when one is facing a conscience vote. I particularly want to place on record my thanks to my colleague Senator Stephens for carrying the lion’s share of the workload in that hearing. I would also like to thank the other members of that committee and the secretariat for their forbearance because, when I did manage to get to the hearing halfway through their second day of evidence, I got a crash course on the proposal before us and how the government plans to administer it, and what outside groups think will be the outcome of that. It is important to place on the record their forbearance and tolerance in allowing me to learn a bit more about people’s views.

As Senator Stephens has said, and Senator Sherry before her, Labor’s major problem with the Future Fund Bill is that the government’s arrangements do not actually meet the government’s 2005 budget commitment. That commitment was, as has been said, that the Future Fund would be managed by an independent statutory board and that the board would be free to set the investment strategy and the strategic asset allocation of the fund. Indeed, while I was at the hearings, that was the main focus of our discussion. Despite having been through that crash course at the economics committee hearings, the Labor members of that committee were not convinced that there was evidence to say that the legislation actually meets the government’s commitment. Hence our additional comments to the committee’s report, which were basically that the Labor Party is of the
view that the government’s arrangements for the Future Fund do not meet the 2005 budget commitment that the fund would be managed by an independent statutory board and that the board would be free to set the investment strategy and the strategic asset allocation of the fund, as I have said.

Labor’s concern also is that the Board of Guardians does not have the same legal protections that are afforded to Commonwealth superannuation boards. In addition, the power to direct the board is general in the legislation and goes beyond maximising long-term returns and extends to—and I quote from the bill—‘such other matters as the responsible ministers consider relevant’. This exposes the fund to a higher level of ministerial interference than would be the case if the board’s functions were limited to maximising the return on the fund across a balanced investment portfolio. This legislation, as it currently stands, empowers the ministers concerned to dismiss board members for ‘inadequate performance’. This extraordinary broad and ill-defined power adds to the risk of undue political interference in investment decisions of the fund.

What we have seen, as always with the government, is that their rhetoric in the 2005 budget statement, the rhetoric of the sell of the proposal of the Future Fund, does not meet the reality of delivery when we see the fine print of the legislation. I remind senators that our additional concerns were particularly around the role of the Board of Guardians and the fact that they do not have the same legal protections afforded to those serving on Commonwealth superannuation boards. They are at the beck and call of the political whim of the two ministers concerned. Indeed, to see this you only have to consider clause 18(2) of the bill, which says that the powers of the minister include—and I will say yet again—‘such other matters as the responsible ministers consider relevant’, which is a pretty broadly and ill-defined term.

So much for the independence of the board of the Future Fund. It is, indeed, open to political direction. You cannot go much further along the road to undermine independence as to include a provision in a piece of legislation that covers all other matters that the relevant ministers consider relevant—it is a pretty sweeping statement. Where does that begin or end? How far can the ministers go in forcing the board to consider such other matters as they consider relevant? It is this kind of open-ended provision within the legislation that allows for the worst kind of interference, not the locked box that we were seeking with the Future Fund. If that is not bad enough, you only have to consider that the legislation as it stands also allows the ministers to dismiss board members for inadequate performance, but we have no definition of that in the bill either. So that is another open-ended and ill-defined provision that could give rise to political interference in the investment decisions of the fund.

Debate interrupted.

QUESTIONS WITHOUT NOTICE

Aged Care

Senator MCLUCAS (2.00 pm)—My question is to Senator Santoro, the Minister for Ageing. Is the minister aware of fresh allegations on Lateline last night of the abuse of frail aged care residents? Didn’t the program note that there is now a third aged care facility in which allegations of abuse are being investigated by police? Can the minister confirm that a resident’s allegations of abuse at this unnamed facility in March of 2005 were dismissed by the provider, with police only being called nine months later when a second resident made similar allegations of abuse? When was the issue brought to the attention of the department and the minister?
What action was taken? In addition, didn’t Lateline recount an incident in a fourth facility, Millward, in Victoria? What action has the minister taken to investigate the claim that in this facility an elderly female resident with a brain injury was forced to confront the person she alleged had assaulted her? Does the minister still have full confidence in the protection provided to frail elderly residents under the government’s aged care system?

The PRESIDENT—It is a very long question, Senator.

Senator McLUCAS—It is a long issue, Mr President.

The PRESIDENT—I remind senators of the time restrictions on asking questions.

Senator SANTORO—Thank you to Senator McLucas for her continuing questions. Yes, I did watch Lateline last night, after I was notified that there were going to be further revelations in relation to this very sad issue. I must admit that, just like Senator McLucas and anybody else who watched the program, I was quite shocked by some of the allegations that were made. I can assure Senator McLucas that we are acting as quickly as we can to get to the bottom of the allegations that have been made. I can assure Senator McLucas that we are acting as quickly as we can to identify the nursing home that was not named, the department and the agency will be in contact with Lateline to ask them if they have any information that will identify it. As to the allegation that was aired about the nonreporting of an allegation of abuse, I can say to the senator that that was very disturbing. Those of us who saw the story were all very disturbed, particularly by the allegation that the resident who allegedly had been abused was asked to confront the person who offended.

I say to you again, Senator McLucas, that I am very committed to doing my very best to eradicate these problems. I will continue to do my very best, as I have been doing since I became minister, to look at the way the department operates and to look at the way that the agency operates so that we can improve the system in order to minimise the sort of abuse that has become evident. I say again to the senator that the vast majority of residents within aged care facilities that are funded by the Commonwealth government live in perfect safety and perfect happiness. There are, however, some outrageous instances of abuse. We will be doing our very best to resolve that.

Senator McLucas said that there were four cases. The Senate may wish to be informed that there are over 100,000 aged care residents in aged care homes. I provide that information simply to show the number of cases relative to the number of people who are in aged care facilities—although, as I have said, one case of abuse is one case too many and four cases of abuse are four too many. I again reiterate that I will do my utmost to improve the system so that we can minimise the occurrence of these dastardly deeds.

Senator McLucas—Mr President, I ask a supplementary question. Aren’t aged care nurses now publicly saying that a system which gives providers notice of inspections can be manipulated by the minority of providers who are not providing proper care? If the nurses who work in aged care do not have confidence in your system, why should families have any confidence that there are...
effective protections for their vulnerable relatives in care?

Senator SANTORO—I thank Senator McLucas for her supplementary question. I can assure Senator McLucas that I will be meeting with the peak bodies representing the nursing profession within this country. They will participate in the meeting to discuss these particular matters on 14 March. I will certainly also be looking at opportunities to meet, on a one-to-one basis, the representatives from the peak nursing organisations. At that particular point in time I will listen very carefully to any constructive suggestions that they would like to make about improving the system.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President’s gallery of an Australian Political Exchange Council delegation from the Philippines, led by the Hon. Josefina dela Cruz, Chair of the Philippines Council of Young Political Leaders. On behalf of all senators, I wish you a very warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Aged Care

Senator PATTERSON (2.06 pm)—My question is to the Minister for Ageing, Senator Santoro. The proper care and humane treatment of older Australians is a key responsibility for all levels of government and, indeed, the wider Australian community. Recent reports of alleged abuse in nursing homes are disturbing for all concerned, particularly the elderly and their families. Would the minister please outline to the Senate what actions he has taken since these reports came to his attention and any future initiatives he might have to support elderly Australians in nursing home care?

Senator SANTORO—Thank you to Senator Patterson for her question. I recognise her longstanding interest in and commitment to this vital area of public policy. As I indicated to the chamber yesterday, this government has been very proactive in moving to address community concerns about abuse of the elderly in nursing homes. As I have just said in my answer to Senator McLucas’s first question in this place today, I was particularly disturbed to hear that in one nursing home the alleged abuse was not reported immediately to police. This lent some strength to the call for the introduction of some form of mandatory reporting of such incidents. However, before ruling that in or out, as I indicated yesterday and also last week, I intend to consult the Aged Care Advisory Committee on that issue and on a range of other options such as compulsory police checks, whistleblower protection and possible improvements to the complaints resolution scheme. The meeting of the advisory committee, as I have sought to indicate, will take place on Tuesday, 14 March here in Parliament House.

Senator Chris Evans—It is not a summit.

Senator SANTORO—The committee is well positioned to provide me with the kind of expert advice that I need before deciding how to proceed in relation to these matters. I hear the Leader of the Opposition in the Senate say that it is not a summit and it is not a meeting. For the benefit of the Leader of the Opposition in the Senate and Senator McLucas I would like to outline the membership of that particular committee. It comprises representatives from the following organisations: the Council of the Ageing/National Seniors; the Royal College of Nursing, Australia; Catholic Health Australia; Carers Australia; the Baptist Community Services; the Austra-
lian Society for Geriatric Medicine; the Older Women’s Network; the Australian Nursing Federation; the Royal Australian College of General Practitioners; Aged and Community Services Australia; Alzheimer’s Australia; UnitingCare Australia; the Aged Care Association Australia; the Pharmaceutical Society of Australia; the Health Professions Council of Australia; the Australian Medical Association; the Commonwealth Department of Veterans’ Affairs; the Brotherhood of St Laurence; the Aged Care Standards and Accreditation Agency; and the Australian Pensioners and Superannuants League. Call it whatever you want—you can call it a summit—but I think that committee is so representative, so authoritative that it could legitimately and reasonably be described as a summit. Call it a meeting. Call it whatever you wish.

Following this meeting, I will be meeting with my state and territory colleagues to discuss a collaborative way forward. I have already received assurances from at least one of my state and territory colleagues that they are keen to participate in this endeavour. In fact, the Minister for Ageing in Victoria made that attitude very clear on Lateline last week. Whatever collaborative approaches are determined with my state and territory colleagues, we could never give a 100 per cent assurance—and none of my state parliamentary colleagues who have got responsibilities in the area of ageing will give a 100 per cent assurance—that the incidents that we have been discussing today will never be repeated. But what I can say is that we will do our best, and I will certainly leave no stone unturned in order to improve the system and make sure that these bad deeds do not keep occurring.

Aged Care

Senator MOORE (2.10 pm)—My question is also to Senator Santoro, the Minister for Ageing. My question relates to the response of the minister yesterday in relation to the Immanuel Gardens Nursing Home on the Sunshine Coast. Can the minister now explain why sanctions were only imposed in February 2006 when an inspection found serious breaches of care standards in August 2005? Minister, why that six-month delay? Why wasn’t the provider forced to appoint a nursing adviser in August 2005 when there was clear evidence that residents were not receiving proper care. Didn’t the agency’s report of that time note that the facility has ‘a record of persistent failure to comply with the Accreditation Standards over the last three years’? Why weren’t the residents at this place properly protected?

Senator SANTORO—I thank Senator Moore for her questions. Since question time yesterday I have sought further advice in relation to the sequence of events that have been mentioned within Senator Moore’s question, and I am able to assist her and the Senate in a very comprehensive way. It is important that the Senate understand the sequence of events related to Immanuel Gardens Nursing Home and the role of agencies within my portfolio in this case.

In the case of Immanuel Gardens, the recent imposition of sanctions and claims of abuse against residents are two separate matters, and I want to address both of those matters very comprehensively so that there can be no misunderstanding. Sanctions were imposed on Immanuel Gardens in February this year relating strictly to non-compliance matters such as clinical care, infection control, human resource management and pain management stemming from a review audit undertaken by the Aged Care Standards and Accreditation Agency on 11 and 12 August 2005. That particular review audit was ordered after a scheduled support contact on 26 July 2006 found some noncompliance. That was a scheduled audit. This review audit led
to the placement of Immanuel Gardens on a timetable for improvement—and I will explain during the course of the answer why a timetable for improvement is important.

As a result of ongoing noncompliance, the department issued a notice of decision to impose sanctions on 6 February this year. The compliance process in this case was managed strictly in accordance with the legislation, the main focus of which is bringing about improvements to care standards for residents. The process here was transparent and accountable. The department instigated the legal compliance process based on the recommendations of the agency. When the home failed to achieve the required improvements within the time frame set, the department did impose sanctions. This is one of the important points that I need to make for the benefit of all senators. It is important to remind them all that the quality framework in aged care is aimed at ensuring the best possible outcome for residents, not punishing providers at the expense of residents’ care. That was a prime objective of the department and of the agency when they adopted the time frame that they did in relation to this issue.

I want to stress something else. I want to say very deliberately that, separate to the sanctions process I have just referred to, Immanuel Gardens stood down an assistant nurse on 10 October 2005 on the same day that the allegations of abuse were made. I fear that as a result of the exchange yesterday there might have been some confusion as to when that person was stood down by the management of the nursing home. I want to stress that that person was stood down on the same day that the allegations were made. The matter was referred to the police, where, as I advised the Senate yesterday, it is the subject of an ongoing investigation. It is terribly important that these two issues are in fact not blurred.

I am serious about bringing positive changes in the aged care sector to increase the protection of elderly and vulnerable residents who are in the care of the aged care system within the states. I am engaging in responsible and extensive consultation with all components of the aged care system in this country, and we will deal with these serious allegations in a measured and constructive way. I will not be bulldozed into knee-jerk reactions and I will not respond to any abuse of the department or myself. These are serious matters that require serious consideration and serious input from the professionals who have the facts and the figures and lifelong experience in this matter, and I intend to conduct myself accordingly.

**Senator MOORE**—Mr President, I ask a supplementary question. Following the process the minister outlined, can the minister also confirm that the standards agency report of August 2005 also recommended that the facility’s accreditation expire on 6 March 2006, which is next week? Has this period been extended? If so, why, given the recent imposition of a sanction and the agency’s observation about the repeated noncompliance with care standards at Immanuel Gardens Nursing Home?

**Senator SANTORO**—I am not aware of the details of the extension that the senator is seeking or whether it has happened. However, I remind the senator of a point I made—and it is important to remind the Senate: the quality framework is in place to ensure the safety and the wellbeing of residents, and I am sure that has been considered in any decision made by the agency.

**Illegal Fishing**

**Senator JOHNSTON** (2.16 pm)—My question is to the Minister for Fisheries, Forestry and Conservation. Will the minister update the Senate on the status of the fight against illegal fishing in Australia’s northern
waters? How does the government intend to further address this problem, and is the minister aware of any alternative policies?

Senator ABETZ—I thank Senator Johnston for his question and note his longstanding interest in this issue. Last week I took my first official trip as minister for fisheries to Perth, Broome and Darwin, at the invitation of Barry Haase, David Tollner and coalition senators from Western Australia and the Northern Territory. The purpose of that visit was to discuss firsthand with stakeholders the scourge of illegal fishing. Make no mistake: we are dealing with a scourge which not only threatens the livelihoods of our Australian fishermen but also brings with it the threat of disease and worse being brought to Australia. What this trip did was reinforce for me that we as a government need to take a zero tolerance approach, just like we do with illegal drugs and road deaths. There will always be people who want to steal fish from our well-managed waters and, unless we aim to wipe out the scourge, we will surely fail.

I freely admit that after one month in the job I do not profess to have all the answers, but the Howard government will continue to ramp up our multi-agency, cross-portfolio and cross-government approach to address this problem. In this regard, last week I met with both the Western Australian and Northern Territory ministers and their opposition counterparts to discuss how we can work together. I can confirm to the Senate that just yesterday my colleague the outstanding Minister for Foreign Affairs, Alexander Downer, met with the Indonesian government to further discuss how our two governments can further work together to fight this scourge with joint patrols.

We also need to make it financially unviable and the risk of capture too high for the illegal fishers who want to ply our waters. As a result, in the short term the government is very focused on increasing the numbers of apprehensions in our northern waters, particularly of the so-called iceboats, which are increasingly acting as mother ships to the smaller bodhis. Over recent weeks, increased efforts from the Navy—and I congratulate Minister Nelson on this—have resulted in some half-dozen iceboats being apprehended and, as a result, a significant drop-off in iceboat incursions. But we do need to do more and I hope to report more to the Senate in due course.

I was asked about alternative policies. I think that there is in general terms cross-party support on this issue that something needs to be done. I suggest to those opposite that simply painting a red line on our Navy or Customs boats will not change anything at all, and just renaming something a ‘Coastguard’ will not provide the solutions. What we need is action, and immediate action—

Senator Sterle—They need more money.

Senator ABETZ—Somebody across the road is interjecting that we need more resources—more money. Senator Sterle knows that because he heard it out of my mouth at Senate estimates. I am glad he has learnt something. I fully agree with him. I invite those opposite to come on board, to put party politics aside and to work together with the government. It is so easy to highlight the problem; the real difficulty is finding workable solutions. That is what I dedicate myself to; I invite those opposite to dedicate themselves to that task as well and together we can get rid of this scourge. (Time expired)

Aged Care

Senator MARSHALL (2.20 pm)—My question is to Senator Santoro, the Minister for Ageing. Can the minister confirm that the government has received repeated warnings that the aged care complaints system is not working? Hasn’t the complaints commissioner identified problems with the depart-
ment’s administration of complaints and the potential for retribution to dissuade residents and families from coming forward? Didn’t the Senate report tabled on 23 June 2005 recommend a series of changes to the complaints scheme to improve its effectiveness and responsiveness? Don’t the recommendations of the Senate report directly address the problems with the system as identified by the families of the alleged abuse victims in a number of current cases? Given that there was not an election last year, as the minister has tried to claim, why didn’t the government urgently respond to these reports? Why did the government wait until cases of serious abuse became public before acting?

Senator SANTORO—I thank the senator for his question. He will know that the Aged Care Complaints Resolution Scheme distributes satisfaction surveys to both the complainant and the service provider in each state and territory after each complaint is finalised. Yesterday, in answer to a question, I sought to outline some of the details of the results of those surveys.

Senator Chris Evans—Selectively.

Senator SANTORO—No, it was not selectively.

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

Senator SANTORO—During the 2004-05 reporting period, a total of 621 complaints were finalised and the overall response rate was 49 per cent. In other words, 49 per cent of those surveyed returned the survey forms, which I am sure all reasonable senators would regard as a very high return rate for self-completed surveys. The data shows that, in relation to overall satisfaction with the service provided by the scheme, 86 per cent of complainants who responded expressed satisfaction, six per cent indicated dissatisfaction and eight per cent did not respond. I would suggest to honourable senators opposite that that is a good result for the complaints resolution scheme.

Senator Chris Evans—What about the 27 per cent? You’re not telling about the whole report.

Senator SANTORO—Ninety-two per cent of providers who responded expressed satisfaction, four per cent indicated dissatisfaction and four per cent provided no response. Where dissatisfaction was noted, this may reflect attitudes about the outcome achieved rather than the process used. I heard an interjection: what about the percentage that was not satisfied? I think that is a reasonable question. That is the reason why the government undertook a review. The complaints commissioner in fact has—

Senator Marshall—Are you coming back to the question?

Senator SANTORO—I am coming back to the question, but you asked me a question about the complaints resolution scheme—

The PRESIDENT—Minister, ignore the interjections and address your remarks through the chair, and then we will not have all the banter across the table.

Senator SANTORO—Through you, Mr President, it is just that it is so obvious that they do not want to wait for the answer, so I try to help them as quickly as I can, being the very responsive person that I am. In response to part of the question from the senator opposite, what happened was that the government realised that, given those sorts of survey results, an improvement could be made to the scheme and it undertook a review. That review has been put before me over the last week or so—and I remind senators opposite that I have been in the seat for only four weeks—and I will look at that review.

Opposition senators interjecting—
**Senator SANTORO**—I will review the review, if that is what makes you feel happy. When I am ready to make recommendations in relation to what we implement out of that review, or any other measures that I wish to introduce to improve the scheme, I will do so and inform the Senate and the Australian public.

**Senator MARSHALL**—Mr President, I ask a supplementary question. Hasn’t the minister’s promise of an aged care summit been downgraded to a meeting of an established committee? Hasn’t the meeting now been postponed until 14 March, two weeks away? Having now accepted that the system is not working, what is the minister, who is the one responsible, actually doing to fix the problem? Does the minister expect the community to just put their concerns on hold for two weeks while he arranges his committee meetings?

**Senator SANTORO**—I thank the honourable senator for his follow-up question. There has been no postponement. The members who make up the committee—the membership of which I detailed to the Senate a little while ago—come from all over Australia. You just cannot convene a high-level, expert committee, made up of busy people like the people representing the organisations that I mentioned, just overnight. Simple courtesy requires that you give them proper notice for them to prepare their thoughts and their submissions—and we have asked them to let us have their thoughts. That is just proper courtesy and proper planning for a serious meeting. There has been no postponement. I made no announcement of any date until we fixed a date. The furphy that senators opposite are seeking to perpetrate is nothing but a furphy.

**Government senators interjecting**—

**Senator SANTORO**—Some of my colleagues on this side suggest it is dishonest. I think it is just misguided or politically malicious. As I said yesterday to senators opposite, it is really important that you seek to depoliticise this particular process. *(Time expired)*

**Criminal Justice**

**Senator NASH** (2.26 pm)—My question is to the Minister for Justice and Customs, Senator Ellison. Will the minister update the Senate on the Australian government’s commitment to ensuring ongoing public confidence in the Commonwealth criminal justice system?

**Senator ELLISON**—I thank Senator Nash for a very important question on something which is vital to all Australians, and that deals with the question of law and order. At the last election we undertook to review penalties in relation to Commonwealth offences. Last week I announced that review and it dovetails with a review undertaken by the Australian Law Reform Commission in relation to sentencing. While I am on my feet, I just want to make a correction. The review that I announced was not necessary because of the Australian Law Reform Commission’s review of sentencing. This is something completely different. It is looking at whether we at the Commonwealth level have in place penalties which meet community expectations.

**Opposition senators interjecting**—

**Senator ELLISON**—I know the opposition are making interjections. They are not interested in what the community thinks. They are not interested in what Australians think about criminal law and condign punishment for people who commit serious offences, but we are and we are carrying out our undertaking at the election to have a look at it.

I can point out that, while states and territories deal with offences largely dealing with the person and property, at the Common-
wealth level there are some very serious offences indeed with which we are involved. Of course, we are cracking down on the illegal importation of drugs, people trafficking, sex trafficking and child sex tourism. That might be of some interest to senators opposite, but we are vitally interested in this. I might also point out that, when you look at the penalties that we have in place, it is vitally important that we abide by the undertaking that we gave the Australian people that those penalties will meet community expectations, and that is what this is all about.

I was interested to note that, out of some 691 Commonwealth offenders that we have around the country, over 200 are serving sentences in excess of 10 years imprisonment. In some cases, they are serving life imprisonment with non-parole periods exceeding 20 years for drug trafficking. I think that sends a very clear message in relation to the seriousness with which we attack the trafficking of drugs. Part of this will also assess the adequacy of penalties in relation to corporations. We have heard the opposition talk a great deal about corporate liability, but what we will be looking at is the question of penalties for corporations.

**Opposition senators interjecting—**

Senator ELLISON—I still hear the opposition interjecting. Do they disagree with that? Do they disagree with a review which would look at the question of a penalty unit at the Commonwealth level being equal to $110? It is timely that we look at this and review it to make sure that it accords with the expectations of the Australian public.

*Senator Ludwig interjecting—*

Senator ELLISON—But, of course, Senator Ludwig is interjecting and does not believe that. He does not believe that the Australian public should have input into penalties for criminal law. This is something about which we are getting a clear message from the Australian community: they want appropriate penalties for serious crime. That is something that the states and territories might be refusing to deal with but we at the Commonwealth level are not. That is precisely what this is about.

We are also considering the Law Reform Commission’s inquiry regarding a guide to framing Commonwealth offences, which is dealing with civil and administrative penalties. That, too, feeds into the overall approach that we have regarding the adequacy of laws in relation to criminal jurisdiction at the Commonwealth level. Whilst, as I say, the states and territories deal with offences which largely relate to the person and property, we at the Commonwealth level have a responsibility to make sure that our penalties meet community expectations for serious crimes such as drug trafficking, sex trafficking, child sex tourism, child pornography on the internet, and a range of other very serious offences on which Australians would expect us, as a responsible government, to take appropriate action. That is what this is about.

**Senator Chris Evans—**What is the action? A review again!

**The PRESIDENT—**Order! Senator Evans, you are not setting a very good example by shouting across the chamber.

**Ms Cornelia Rau**

**Senator NETTLE (2.30 pm)—**My question is to the Minister for Immigration and Multicultural Affairs, Senator Vanstone. Minister, it is now over a year since Cornelia Rau was found suffering untreated schizophrenia in Baxter detention centre. The Prime Minister has said:

Both Cornelia Rau and Mrs Alvarez are owed apologies for their treatment, and on behalf of the government I give those apologies to both of those women who were the victims of mistakes by the department.
Is it correct, Minister, that Cornelia Rau has yet to receive one cent of compensation for her detention and is instead left to survive on sickness benefits? Do you consider this to be acceptable treatment for an innocent woman who was so badly treated by your department? Why has it taken so long and what are you going to do about it?

Senator VANSTONE—I thank the senator for the question. Some senators may have seen some coverage given to this matter recently, alleging that no money had been paid—not saying by way of compensation, but saying that no money had been paid. Those statements were incorrect. An amount of just under $8,000 had been paid, but that related primarily to travel expenses for legal advice.

The advice I have in relation to this matter is that Families, Community Services and Indigenous Affairs are dealing with the short-term needs of Ms Rau and that a question in relation to those short-term needs should be directed to that minister. The compensation issue is being dealt with, as is normally the case, by the Australian Government Solicitor. So questions in that regard could go to the Attorney-General but as we are the client they should probably stay with me.

The most recent advice I have on this matter is that parties are looking to get a negotiated settlement of this matter. That will be much quicker than court proceedings and would be, I think, in everybody’s interest. It is not that I am opposed to lawyers but I am sure it will provide less money to the lawyers and be more efficient. However, there are some issues to be resolved before all parties can come to such an agreement. Those issues pertain to whether other parties that might subsequently be pursued would agree, because, if I am properly advised at this point, if we make an agreed settlement and action is then taken against other parties, they may seek to join the Commonwealth, so the Commonwealth would not be finished with the matter. So we are trying to get to a point where all parties can come together, agree and resolve the matter.

It does seem to be taking some time. I have to say that I do not agree with everything that you said, Senator Nettle, in the introduction to your question, but it is quite common for you and I to disagree about what you say, so I do not put too much emphasis on that. But I am sure it is in everybody’s interest, and in particular in Ms Rau’s interest, for this matter to be brought to a final conclusion—not that there is a final conclusion for the Commonwealth and then some other issue is started up. She can then get on with her life and put this matter behind her. She cannot do that until we can get to a negotiated solution that all parties can agree is the solution.

Senator NETTLE—Mr President, I ask a supplementary question. I thank the minister for her answer. My concern relates to the six months that it took for that process of negotiation to occur in Vivian Solon’s case, with disagreements about compensation and arbitration. Can the minister guarantee that Cornelia Rau will not have to take the Commonwealth to court and fight the government in order to get adequate compensation for her detention?

Senator VANSTONE—Sometimes Senator Nettle can’t help herself. The answer was pretty clear: the Commonwealth thinks it is better not to have litigation. Obviously, the Commonwealth thinks it is better not to have litigation. The senator made reference to some time period in relation to Ms Solon. I make the point with respect to Ms Solon that the government very quickly sent a Centrelink social worker to the Philippines. I could not then and cannot now—why Ms Solon was not brought back
to Australia earlier and why we could not then have proceeded to have a negotiated settlement, which is what is under way in relation to that matter. But I think the questions in relation to that are best addressed to her lawyers. At the time they issued a press release saying that I was delaying, when I was in fact not the negotiator—in this case it was Family and Community Services—which indicated to me that they were not quite sure what was going on. *(Time expired)*

**Climate Change**

*Senator TROOD* *(2.36 pm)*—My question is to the Minister for the Environment and Heritage, Senator Ian Campbell. Will the minister advise the Senate of actions the Australian government is taking to address the problem of global climate change? Is the minister aware of any alternative statements or policies?

*Senator IAN CAMPBELL*—I thank Senator Trood for a very important question. Global climate change and greenhouse gas emissions are incredibly important issues—some would say the most important challenge for the globe. The Australian government shares a strong commitment to taking practical and real actions, both internationally and domestically, to address the risk of serious climate change from greenhouse gas emissions. I am pleased to report to the Senate—I am sure Senator Trood would be keen to hear this—that the world-leading Asia-Pacific Partnership on Clean Development and Climate, which met so successfully in Sydney in mid-January, has established eight working groups, or task forces, to put in place practical measures, new partnerships and new projects in a whole range of areas.

These task forces will have their first meetings in mid-April. For example, the Renewable Energy and Distributed Generation Task Force, which we co-chair with Korea, will have as its aim rolling out and fast-tracking research, development and deployment of new renewable energy technologies across the partnership countries—Korea, Japan, China and India. Six nations representing nearly 50 per cent of the world’s population will get to work on rolling out and fast-tracking those technologies in April. The Cleaner Fossil Energy Task Force will also commence work, and Australia will chair that task force.

Senator Trood also asked about alternative statements and policies. I did see recently that Martin Ferguson, the member for Batman and opposition spokesman on resources, industry and, I think, greenhouse gas policy—even though they have a number of different views on that—made the point after the Asia-Pacific partnership meeting:

*Let’s be real: without getting business on board we cannot achieve anything.*

That is a very practical solution coming from a Victorian Labor Party member. I am not sure whether his preselection is at risk at the moment, but it is a very practical and real approach from at least one member of the Labor Party. Of course, he is joined by the Labor Party’s minister in the Victorian government, Theo Theophanous, who said in the *Australian Financial Review* this morning:

*Victoria must make low-emission brown-coal technologies viable, so we can keep using our most abundant and low-cost fuel.*

He went on to say:

*Those green lobbyists who advocate greenhouse policies that stifle growth are misguided. Economic pain would not just be politically unpopular, it would self defeating. Growth is essential to fund the transformation of our energy base to new technologies.*

Mr Theophanous is quite right there. You need to ensure that we can reduce the emissions from fossil fuels if we are to solve the risk of climate change to the future of this
planet. You also need to ensure that your policies do not constrain growth.

But on the other side of the isle we keep hearing this magic bullet solution called the emissions trading scheme, and Mr Theophanous is going on about this. They think that you can have a magic bullet solution to this significant international problem. The last time there was an analysis done of the energy trading scheme proposed by Labor and the states, the Allen Consulting Group said that the cost would be in the order of a 27 per cent increase in people’s power bills, yet the opposition go on saying that it will not cost anything and it is the magic bullet solution. You have this massive problem that requires a substantial solution, yet Labor think that you can have a magic bullet. If Senator Trood needs further amplification through a supplementary question, we could— (Time expired)

Senator TROOD—Mr President, I ask a supplementary question. In light of the very interesting answer that the minister has given to my question, would he like to elaborate further on the trading scheme that he has mentioned to the Senate?

Senator IAN CAMPBELL—I thank Senator Trood. The point that does need to be made is that Labor have no substantial investment ideas regarding how to invest in low-emissions technologies. The government, for example, will fund Geodynamics Ltd with $5 million to develop a hot rocks project in South Australia, developing steam from three kilometres underground, to transform the way that power is produced. We will spend $8 million—possibly up to $12 million—to fund the Otway project. We are spending close to $2 billion across Australia, and the only state government in Australia that is spending anything is the Victorian government, which is spending $80 million. There is nothing from WA, New South Wales or Queensland, and you have this magic bullet of an emissions trading scheme. They think that you can have a solution that does not cost any money. We want to see this invisible policy with no money involved, and we want to see the details of it, not just this concept of a magic bullet or a silver bullet.

**Economy: Debt Management**

Senator SHERRY (2.41 pm)—My question is to Senator Minchin, the Minister for Finance and Administration, representing the Treasurer. I refer to the release today of Australia’s December current account figures, showing a significant increase in the quarterly deficit to $14.4 billion, up from $13.7 billion. At the same time, Australia’s net foreign debt has reached record highs of $473 billion, up $52 billion in one year alone. Given these debts are increasing at a time of record mineral export prices, when will the government even acknowledge that there is a problem and a significant increasing risk to Australia’s economy and take action to stabilise the debt and hopefully reduce its escalation?

Senator MINCHIN—As always, I welcome Labor questions on the economy. At least it indicates that they are focusing on the main game. We welcome discussion of Australia’s current account position, although I note that as the Labor Party stares down the barrel of 10 years in opposition it still pains them to remember the campaign of 1996. However, there is a very big difference between 1996 and now in relation to Australia’s economic position. I will first refer to the point that Senator Sherry made, which is the release today of the balance of payments figures.

The current account deficit has widened to $14.4 billion in the December quarter, but there is some good news hidden in those figures. The deficit on goods and services rose by just one per cent. The deficit in relation to
goods actually fell by four per cent, or $177 million, and the improvement in the trade balance in relation to goods which occurred in the December quarter was driven by a six per cent rise in exports during the quarter. What is going on in relation to the trade in goods and services must reflect what is going on in the resources sector of the economy—to wit, the imports of capital goods were up 24 per cent, reflecting the very strong investment under way in the Australian economy to generate the powerful resources exports which we are doing.

I also draw Senator Sherry’s attention to another document released today—the ABARE release on Australian commodities, which forecasts commodity exports rising by seven per cent in the next financial year to a new Australian record of $134 billion. The value of iron ore exports is expected to rise by 26 per cent next year, LNG exports are to be up by 22 per cent and farm exports are also forecast to rise.

The real point about the Australian current account—as I am sure Senator Sherry knows—is that it reflects the difference between investment and savings. This country has always relied on—and will continue to rely on for a very long time—foreign investment to ensure that its economy continues to sustain the sort of growth that we need and want. What matters is the capacity to service those investments. Given the trade performance, the current account is really reflecting that strong investment inflow and, by definition, the outflow to foreign investors.

Indeed, there is an interesting quirk in this whole measure of the current account and the outflow. The RBA has pointed out that a large proportion of the earnings of companies in Australia that would, by definition, be payable back to foreign investors are in fact retained by those Australian companies. They are not paid out as dividends but the accounting treatment still classifies them as an income flow to offshore investors.

When examining Australia’s current account, one must take account of the fact that it is driven largely by the difference between investment and savings and that the investment reflects foreign investors’ confidence in Australia. The worst thing that could possibly happen to the Australian economy is any diminution in that confidence of foreign investors in Australia. That is the thing to fear—that, for some reason, foreigners lose their enthusiasm for investing in this country. By definition, foreign investment involves an outflow of earnings by those foreign investors, which is reflected in the current account.

As to foreign debt, I think the most important point to make is the difference between now and 1996, and that is that virtually none of that is reflected in the public sector contribution. All that debt is private sector debt. Having paid off the government debt that we were left, there is no government contribution to that total of foreign debt. The debt servicing ratio now is around nine per cent compared to the peak under Labor of 20 per cent. (Time expired)

Senator SHERRY—Mr President, I ask a supplementary question. Given the record Australian high net foreign debt—whether it is public or private, it is still all net foreign debt and at a record high—has now reached more than half the total value of Australia’s gross domestic product, which is the recognised danger zone of adverse international reaction, when will the government take urgent policy action to minimise the growth risk to Australia’s economy?

Senator MINCHIN—This is just ridiculous scaremongering by the Labor Party. If Senator Sherry is talking about international confidence in the Australian economy, I
would refer him to last year’s IMF article IV report, which noted that Australia’s vulnerability to adverse external shocks remains low and:

... the economy remains well placed to manage adverse external shocks.

Standard and Poor’s noted in May last year:
The very strong financial position of the public sector mitigates the effects of the high external debt. We also take comfort that the country’s foreign exchange exposures are adequately managed.

I repeat that the debt servicing ratio—which is what matters; that is, can you service the debt?—is now nine per cent and it was 20 per cent under the former Labor government.

Live Animal Exports

Senator BARTLETT (2.48 pm)—My question is to the Minister representing the Minister for Agriculture, Fisheries and Forestry, Senator Abetz. I refer the minister to the footage screened on the 60 Minutes program last Sunday night showing extreme cruelty being inflicted on cattle at a slaughterhouse in Egypt that regularly receives Australian animals as part of our live export trade. Can the minister give an assurance to the Senate and the Australian public that none of the sheep or cattle exported to the Middle East in their hundreds of thousands will be subjected to the sort of extreme cruelty that has now been documented a number of times as occurring in many of the areas they are sent to? Is the minister also aware that, according to the Australian Federation of Islamic Councils, Middle Eastern countries already accept over 50,000 tonnes of meat slaughtered in Australia in a halal accredited manner—the equivalent of over two million animals? Why does the government not put as much energy into expanding the slaughtered meat trade from Australia as it does trying to boost the live animal trade, which clearly involves cruelty levels that many Australians find unacceptable?

Senator ABETZ—The images on 60 Minutes show practices that are totally unacceptable to, I would imagine, all Australians. Can I say, as a former honorary legal adviser to the RSPCA in my home state of Tasmania for a number of years, that sorts of images appal me just as much as I am sure they appal Senator Bartlett.

I am able to inform the senator that the Egyptian government has told our industry that these practices are illegal in Egypt as well. Mr McGauran has written to his counterpart in the Egyptian government asking for advice on how investigations into these allegations and these practices are going to be carried out and whether or not these practices are common in Egyptian abattoirs. I am assured that the Egyptian authorities view this issue as seriously as we do here.

The Australian government and the livestock export industry take animal welfare issues very seriously. The industry operates under practices that lead the world in ensuring good animal welfare procedures are in place along the supply chain to the port of unloading. No other country has done as much to this end. This is not, however, the end of the story. Australia has been working directly with a number of countries in the Middle East to improve animal welfare practices up to and including the point of slaughter. Members of the Gulf Cooperation Council in the Middle East recently committed to working with Australia to improve animal handling practices across the entire region. This follows meetings involving Australian officials where recent international guidelines were discussed.

We have also been active in Egypt. The abattoir mentioned in the 60 Minutes footage has received funding from both the Australian government and Australian industry to
improve stock handling and processing practices. This has included provision and installation of a restraint box to assist with the humane slaughter of cattle. The allegation by 60 Minutes that it is not being used has been refuted by industry. Mr McGauran has sent the Australian consul for agriculture, fisheries and forestry in this region to investigate the allegation in association with Egyptian authorities. If we find that the 60 Minutes allegations are accurate, there will be no further cattle shipped to Egypt until conditions have improved.

I note some suggestions that the cattle displayed in those horrific scenes did not originate from Australia, but all those matters are currently being investigated. The simple fact is, I think, that we in Australia condemn the practices that were portrayed on our TV sets the other night. We as an Australian government are taking that very seriously. That is why my colleague Mr McGauran has announced that exports to Egypt have been terminated in the interim, until further investigations can take place.

Senator BARTLETT—Mr President, I ask a supplementary question. I remind the minister of the part of my question that asked whether or not the Australian government would put extra energy into expanding the already quite significant slaughtered meat trade from Australia to Middle Eastern countries. I also ask who the minister is relying on for information about how well these concerns are being addressed. Clearly Minister McGauran was surprised to see the footage on 60 Minutes, even though the Animals Australia organisation had notified him about those concerns as far back as last July. Is this another case reminiscent of the AWB situation, where the government and the minister simply rely on assurances from industry that everything is going fine and do not listen to anybody with concerns about the way the industry operates?

Senator ABETZ—I did indicate in my previous answer that Mr McGauran had sent the Australian consul for agriculture, fisheries and forestry in the region to investigate the allegations in association with the Egyptian authorities. It seems appropriate that we rely on people of that nature to do the investigations for us. It always is unfortunate when people do let you down. You do trust people, you do pay people to do the right thing, and that is why we do have mechanisms in place to try to ensure that people do not do the wrong thing. But unfortunately, human nature being what it is, we will have these outbreaks from time to time of activities that are not acceptable. Indeed, the Egyptian authorities themselves have said that these practices are allegedly illegal in Egypt—and yet they do take place. If the Egyptians themselves cannot control that activity, I suppose it is even more difficult for us as Australians to try to control that activity in Egypt. (Time expired)

Telstra

Senator CONROY (2.54 pm)—My question is to Senator Coonan, the minister for communications. I refer the minister to Telstra’s plans to dramatically slash payphone services in Australia. Is the minister aware that, after privately briefing both the Liberal and the National Party caucus rooms, Telstra CEO, Mr Trujillo, made the following comments to journalists—

Senator Carr—‘You’re in my pocket’!

Senator CONROY—‘I think what you saw Senator Coonan say late in the week was that the company should do the things that we were doing, in terms of removing uneconomic investments.’ Since the minister conceded yesterday that the USO protects only 7,500 of Telstra’s 32,000 payphones and that Telstra should look at some rationalisation of payphones, the question is: why has the minister given the green light to the removal of
up to 25,000 payphones if Telstra deems them uneconomic? Will the minister now release the list and map of Telstra’s payphone cuts?

Senator COONAN—Thank you to Senator Conroy for the question. I was worried that Senator Conroy would not get a question through his questions committee today. I am very grateful to have the opportunity to disabuse the Senate of the assumptions implicit in Senator Conroy’s questions. There is no suggestion that 23,000 payphones were subject to being removed by Telstra.

Senator Sherry—That’s what you said yesterday!

The PRESIDENT—Order, Senator Sherry!

Senator COONAN—Thank you, Mr President. What we have in fact done is make the supply, installation and maintenance of payphones part of the universal service obligation. We have done this because we recognise that access to payphones is an important community service. It is critical that payphones that are subject to the universal service obligation are maintained. Payphones that are non-commercial, where I said that there are more than two in one particular location—

Opposition senators interjecting—

The PRESIDENT—Order! There is too much noise on my left.

Senator Sherry—Order! Senator Sherry!

Senator COONAN—Thank you, Mr President. What we have in fact done is make the supply, installation and maintenance of payphones part of the universal service obligation. We have done this because we recognise that access to payphones is an important community service. It is critical that payphones that are subject to the universal service obligation are maintained. Payphones that are non-commercial, where I said that there are more than two in one particular location—

Opposition senators interjecting—

The PRESIDENT—Order! Senator Conroy—There goes that Telstra share price!

Senator COONAN—The interesting thing about this is that Labor argues that payphones are a fall-back option for people living in rural areas if they are unable to use a mobile phone. The sad reality is that if Labor had its way payphones would be the only option people would have in rural and regional Australia. Labor would certainly have kept payphones profitable because under a Labor government that would be the only phone people would have in rural and regional areas. Under Labor, people could wait more than two years to have their home phone connected. What an absolute disgrace! Labor closed down analog mobile phones, leaving rural Australians stranded without a service at all. Labor has no real plan to connect rural and regional Australians to broadband. Under Labor, the idea of rural and regional Australians using new technologies like voice over IP would be unthinkable.

So while payphones are a very important community service, and they will be maintained where they are subject to the universal service obligation, imagine how critical they would become if Labor were in charge of regional communications. Regional Australians are not fooled by Labor on this issue. They know that if Senator Conroy had his way thousands of rural households that rely on satellite internet services would have their subsidies scrapped. Every subsidy for rural and regional Australia, according to Senator Conroy, is pork-barrelling. It is an absolute
disgrace. I have a bit of free advice for Senator Conroy: if you want to find out what is going on in regional Australia, get out of your office in Melbourne and go and ask.

Senator Conroy—Mr President, I rise on a point of order. It is about relevance. I asked about how many phones it is that the minister has given the green light to being taken out and about when she is going to give us the hit list. That was the question. She has absolutely avoided it for the last three minutes.

The PRESIDENT—If you would stop interjecting and the rest of your side of politics would keep quiet you might be able to hear what she is saying and she might give you an answer. Continual interjections do not help. They certainly do not help ministers reply to questions.

Senator Chris Evans—Mr President, I rise on a new point of order. Senator Conroy raised a point of order about the minister failing to answer the question. I do not know whether you feel intimidated by Senator Minchin’s intervention, but it was a legitimate point of order for Senator Conroy to raise and unrelated to questions of noise in the chamber—the sort of noise that we are now hearing. The reality is that it was a serious point of order about Senator Coonan talking about the Labor Party for four minutes and failing to answer a question that concerns a lot of rurally based Australians.

The PRESIDENT—There is no point of order, because the minister still has 51 seconds to answer the question. I remind her of the question and I remind those on my left to let us all hear the answer in some sort of quietness.

Senator COONAN—It is interesting that Senator Conroy talks about a hit list. I thought the only hit list that he was interested in was branch stacking. That is why Senator Conroy wants to keep payphone boxes: so he can hold branch-stack meetings in his phone box. That is what he is doing.

The PRESIDENT—Senator, I did remind you of the question.

Senator COONAN—This government is committed to looking after the needs of telecommunications in rural and regional Australia and we will make sure that where payphone boxes are needed and required they will remain.

Senator CONROY—Mr President, I ask a supplementary question. Can the minister confirm that Telstra is required to maintain only 7,500 payphones throughout Australia under the USO, and it is not currently able to account for hundreds of these payphones in its records? How can the universal service obligation possibly provide service guarantees for rural and regional Australia if Telstra is unable to identify its USO payphones? Given that Telstra is intent on doing the absolute minimum required for rural and regional Australia, isn’t the lack of clarity in the USO an open invitation to further slash payphone numbers? When will you table the map you have asked for? When will you table the hit list of the phones to go?

Senator COONAN—I will say this very slowly for Senator Conroy’s benefit. This government will ensure that where people need payphones they will have them. This government will ensure that where people need broadband they will get it. This government will ensure that where people need telecommunications they will have it, irrespective of where they live. There is no doubt whatsoever that payphones will be maintained under the universal service obligation. Senator Conroy really needs to go and stick to his day job of branch stacking.

Senator Minchin—Mr President, I ask that further questions be placed on the Notice Paper.
QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Aged Care

Senator McLUCAS (Queensland) (3.03 pm)—I move:

That the Senate take note of the answers given by the Minister for Ageing (Senator Santoro) to questions without notice asked by Senators McLucas, Moore and Marshall today relating to aged care.

The pattern that was established by the Minister for Ageing in his responses to questions yesterday has been confirmed today. Yesterday, Minister Santoro refused to answer specific questions about the George Vowell aged care facility and the Immanuel Gardens facility on the Sunshine Coast. Yesterday, he either avoided, dismissed or did not bother responding to questions. They were specific questions that demanded an answer. They demand a response not only for the people who sit in this chamber but also for the community, which is seeking to understand the appalling events that we have been confronted with over the last eight days—appalling events that require the minister to come clean with the Australia community and tell us what has been occurring. But, unfortunately, today the minister again did not answer specific questions that we believe demand a response.

In fact, the minister did not even acknowledge the questions in some of the responses that he made. He did not acknowledge the issues that have been legitimately raised to try to understand the atrociousness and appalling nature of the allegations that we have heard. I asked the minister today whether he could confirm that a resident’s allegations of abuse, at an unnamed facility in March 2005, were dismissed by the provider, with the police being called only when a second allegation of a similar nature was raised. He said it was ‘disturbing’. We know that. It is disturbing to everybody. He is the minister and we demand that he moves on from ‘disturbing’. We are all disturbed, but the minister for aged care has a responsibility to explain to the community what has led to this set of events. How does it happen that a facility allows nine months to elapse between an allegation occurring and the police finally being called?

I asked the minister what action was taken. He did not even respond to that question. He did not make any attempt to tell us what action is being taken to investigate why that occurred. He did not try at all to explain what he is doing to investigate the claim that an elderly woman was forced to confront the person who allegedly attacked her. None of us can move away from being appalled at that. I think it is the most shocking example of inappropriate dealing with an alleged sexual assault event to make a person, an older person with a brain injury, confront their attacker. But Minister Santoro did nothing to explain that today. He did nothing to tell us what he has done in terms of investigating that complaint. This man is the Minister for Ageing in Australia. He has the responsibility to explain to the community what is occurring in a facility that allows a circumstance like that to occur. I asked him if he had full confidence in the protection provided to frail elderly residents under the government’s aged care system. I asked a similar question of him yesterday. Yesterday, he did not provide the Senate with the view that he had full confidence in the department, in the aged care accreditation agency or in the complaints resolution scheme.

Senator Humphries—What should he have said?

Senator McLUCAS—He should have said either that he had confidence or that he did not. And if he did not have confidence, he could have then explained which areas he
was going to fix so that he could have his confidence restored. That is what the Australian community needs: we need our confidence restored in our aged care system. We know that there are quality providers of aged care out there who are being brought down by the allegations that have been made. We have now four allegations of incredibly appalling abuse of older Australians. This is not just a one-off anymore; this is something that needs more than a meeting in a couple of weeks time. When this was first announced, it was an urgent summit. We were going to pull people together very quickly, and all of a sudden we have found our courtesy and we have got to wait three weeks. I am sorry: the families of these residents cannot sit around waiting for a meeting to happen. We want to see some action from this minister. We want the minister to explain: why does this happen in aged care facilities in Australia?

Senator HUMPHRIES (Australian Capital Territory) (3.08 pm)—I am happy to contribute to this debate by saying that apparently I was sitting through a different question time to the one that Senator McLucas sat through this afternoon. I heard the Minister for Ageing answer several questions from the other side of the chamber, and I heard him on each occasion fully respond to the question that was asked of him. He was asked on several indications to indicate what he was doing about these allegations, and I heard him answer quite distinctly that they were being investigated.

Senator McLucas—That’s not good enough. We want to know where, how and why.

Senator HUMPHRIES—I know you want answers, Senator McLucas; we all want answers. Nobody anywhere in this chamber or anywhere in Australia is pleased to hear about these cases. Four cases—albeit out of 100,000 residential placements in Australia—are still, as the minister himself said, four too many. I am disturbed about that and you are disturbed about that. Let us find what the facts are before we jump to conclusions. The minister said, ‘I’m investigating these matters.’ I heard him say that; I am sorry if you did not hear it. Let us see what the investigation reveals before we jump to our feet with sound and fury, signifying nothing. I want to find out what is going on in Australia’s nursing homes. I certainly understand that these problems indicate that a serious examination of our complaints mechanism needs to be made. The minister has indicated that he has a review on his table of Australia’s complaints mechanism and is examining that.

If members opposite think that, after four weeks as Minister for Ageing in Australia, somehow we should have a whole set of answers laid out in front of the Senate on those questions they are being, with great respect, grossly unreasonable. This minister has inherited these issues. None of these issues that were raised in the Senate in the last few days occurred while the minister was Minister for Ageing. They occurred long before his tenure began. He is attempting to ascertain what occurred and to find the facts as the first step in dealing with a problem. Who has a better solution than that, to a problem that might present itself? He is attempting to put in place an appropriate, measured response to those issues. I know members opposite would love to dive in straightaway and believe that they have got all the answers. I remind members that what is being said in most of the cases that have been raised in the media are still allegations. Members opposite are treating these things as proven facts. They are not facts; they are allegations, for the most part, and they need to be examined. In one case, I understand, they were examined by the police at one stage and no
charges arose out of that, so we need to be very wary about jumping to conclusions.

The minister inherits a system, however, which is a strong system. This is a system which has had an enormous investment in it by the Australian government over the last 10 years. Spending on aged care in this country has more than doubled in the time since this government came to office. I remind members that the aged population of Australia has nowhere near doubled in that time. In other words, we have made up for a lack of appropriate investment by our predecessors in this sector, and that investment continues to this day. Just last year’s budget provided $320.6 million over four years in new initiatives to support people with dementia and their carers. That is the kind of measure which is going to make a tangible difference to those cases like the one where an elderly person with brain injury was alleged to have been abused and was then not taken seriously. They are the sorts of initiatives that are going to make a difference. That is money that is on the table and is now being spent to deal with those problems. We are spending an additional $207.6 million to increase the availability of respite care for a further 1.3 million days over four years, and there is $152 million for a $1,000 per resident one-off payment to aged-care providers, to lift the quality available in Australia’s nursing homes.

Members opposite can make a great-sounding case that this should all have been fixed in the first 28 days of this minister’s tenure. I think most Australians are a bit more realistic than that. They acknowledge that these problems are real but are prepared to work with the government and with these kinds of commitments to see these problems solved. That is a mature and appropriate approach. Nobody underplays the importance of these issues, but they are receiving the attention they deserve. Members opposite should stop playing politics with these incredibly sensitive issues and acknowledge that they are ones that deserve calm and considered responses. (Time expired)

Senator MARSHALL (Victoria) (3.13 pm)—What a disappointing defence of the Minister for Ageing that Senator Humphries has just made. To come to the Senate and suggest to us that because the minister has only been in charge of his portfolio for some 28 days somehow the government has no accountability, no responsibility for fixing this mess and no responsibility for this mess in the first place is very disappointing. The only thing more disappointing today was the incompetence shown by this minister in not answering the questions and not really going to the issues that underpin the substantial flaws in the aged care system.

Senator Humphries well knows that these issues are not new. Even though these issues have just become public recently, these issues have been well known for a long time. Senator Humphries was involved in an inquiry into the aged care system—an inquiry which I chaired. We actually tabled a unanimous Senate report. Every single member of that inquiry unanimously supported all of the recommendations. That report was tabled in June 2005. Some of the recommendations, which I will come to in a minute, go to the very crux of the problem that we are being confronted with today. They go to problems with the complaints resolution procedure, the intimidation of families of residents who actually make complaints, people being dissuaded from making complaints, complaints not actually becoming complaints unless the complaints body actually accepts them as complaints in the first place.

What we found in that report was that some 13 per cent of complaints that are actually made do not register as complaints be-
cause the complaints authority does not accept them as complaints. So they just fall off the radar. Senator Santoro, the minister responsible at this present point in time, suggests to us that, because less than 50 per cent of people who actually complain fill in a survey and some percentage in that survey say they are somewhat satisfied with the complaints system, we can then say that everything must be okay with the complaints system. That is really a bridge too far for this Senate to accept.

The recommendations were tabled in June 2005. The normal process for the government is to actually respond to Senate reports within a period of three months. What has this government done with the aged care report which identifies the problems with the accreditation standards and many other issues to do with aged care? Has there been a response? No, there has not been a response. I actually put to the Senate on 6 October last year my concern that the government had not responded to that committee inquiry of the previous June. I asked why the minister was publicly talking about some of the problems with aged care but had not responded to the Senate report which identified some of these problems. Maybe if that minister had taken her responsibilities seriously at the time then Senator Santoro as the minister responsible today might not be in the mess that he is in.

This is a mess that could have been avoided by this government because these issues have been made public. They have been tabled before the Senate. Senator Humphries cannot simply say, ‘Give the minister a chance.’ I asked the minister directly today about the Senate report. He did not even mention the Senate report. Senator Humphries, you suggested that the minister answered all of the questions fully. You ought to go back and check Hansard. Read the question I asked and you will see that Senator Santoro made no effort at all to answer my question. He went off on a tangent to talk about the complaints facility but did not come back to the Senate inquiry, which was the basis of my question.

I will go to some of the elements of the inquiry. I think it is certainly worth while. Some of the recommendations go to one of the very important aspects of this—that is, whistleblower protection; actually giving employees in nursing homes protection to enable them to complain about the standards and treatment of people in their care. They should have protection for doing that because we know—and the Senate report talks about it—about a culture of intimidation in some nursing homes. I do not want to paint a picture that all nursing homes are bad. We do not believe that and we say that is not true. The majority of nursing homes are good and they provide adequate care. But where there is inappropriate care and illegal activity, the system does not enable it to be dealt with. (Time expired)

Senator BARNETT (Tasmania) (3.18 pm)—I am quite pleased to stand here to take note of answers by Minister Santo Santoro. What the Minister for Ageing did in responding to questions from Labor senators on the other side of the chamber was entirely appropriate. He gave direct, straight answers to the questions. He said that he would look into the matter. He has organised meetings. He advised the Senate and the public when these meetings would be held and who they would be held with. He also advised that he would be taking on board any other advice and information from representatives of the aged care community and he was happy to have one-on-one meetings with those representatives over the days and weeks ahead.

What was very important in his response was that he said that he would not be providing a knee-jerk response. This is exactly the type of response that the Labor Party is hop-
ing the minister will provide. He is smarter than that, you see. He is more measured and professional than that. He is going to be an excellent Minister for Ageing. The minister, as people on the other side know, is one of the hardest working senators. He will be looking into these matters with the greatest amount of vigour that you could ever imagine. As Senator Humphries has indicated, we are talking about four incidents—in fact, four allegations have been made. They will be looked into. I think everyone in this place and in the community would support a 100 per cent effort to ensure that the quality of care provided in Australia’s aged care facilities is first class and, in fact, world class. The minister’s responses were entirely appropriate.

What I do want to highlight, however, is what has happened in the aged care sector since 1996, when Labor left office. There has been a vast improvement. What was happening in and around 1996 was that we were caught up in red tape. There was a lot of difficulty in providing a quality service, access to those aged care services and a viable industry. They are the three key planks: providing a quality service, access to those aged care services and ensuring a viable industry. That was not happening in 1996. Do you know what has happened since then? There has been a more than doubling of funding and an injection of funds into the aged care sector. We had a review under Minister Julie Bishop. Prior to her we had the excellent leadership of Minister Kevin Andrews. They were great ministers for ageing and aged care. Pursuant to that review, you might recall, in the 2004 budget we had a $2.2 billion injection into the aged care sector over a number of years. That was a huge boost. We all remember when that announcement was made. We said that that was fantastic for older Australians who find themselves heading towards the possibility of moving into an aged care facility, whether it is high care or low care.

Indeed, community aged care packages have gone through the roof exponentially under the government. We have a policy of encouraging older Australians to stay in their homes, if they would most prefer it, and we provide funds to make that happen. There has been a boost in funding to Home and Community Care provisions to ensure that the services and the maintenance in and around the home can be undertaken so that older Australians can stay in their homes. You might say, ‘How do I know what was happening in and around 1996?’ Well, I can tell you. I was on the board of St Ann’s, one of the oldest aged care facilities in Tasmania, for eight years. I know how hard it was for an aged care provider in Tasmania to remain viable and to provide quality care and access to that quality care in and around the southern Tasmanian and Hobart region. I have a lot of time and respect for Susan Parr, the CEO of St Ann’s, and she remains in that position providing excellent leadership not only at St Ann’s but in Tasmania.

As a Tasmanian senator, let me say that I am proud of the Tasmanian aged care sector. They provide excellent quality care across the board. There may be incidents from time to time, but the leadership provided by Aged and Community Services Tasmania is par excellence. (Time expired)

**Senator MOORE (Queensland)** (3.23 pm)—I am really saddened to have to stand in this place this afternoon to make some note about the responses the Minister for Ageing gave to us on questions that covered a whole range of issues in the aged care industry. We have the absolute horror of the allegations of elder abuse that has come forward, and I think it needs an immediate response. It is not being bulldozed, as the minister said, into a knee-jerk response. What we
and the wider community expect is that the horror of these allegations is acknowledged and that there is some form of urgent response to those issues of abuse. There is no other way to describe it. It seems to me that a process must be put in place to have an urgent response to those issues.

Wider issues were raised this afternoon. There was the issue of the systemic operation of aged care in our community. In terms of the responses the minister gave, we were able to extract some information today that were actually supplementary responses to questions that were asked yesterday specifically about the accreditation of an aged care home on the Sunshine Coast, the Immanuel home. Senator McLucas, who asked very specialised questions yesterday about that process, was not able to get any answers. When I asked follow-up questions today, the minister had obviously receive some information overnight. Perhaps, as he acknowledged, he watched *Lateline* and saw some of the issues that were being raised across the board, and he was able to respond to us on that. He was able today, not yesterday, to give us some detail of the accreditation process that was put in place for the age care home on the Sunshine Coast. He was able to, ponderously, go through step by step how the accreditation process operates. What he could not give us was any sense of genuine confidence that that accreditation process was responding to—a record of persistent failure to comply with accreditation standards over the last three years’.

We are not talking about an urgent issue about which no-one had any knowledge; we are talking about an established age care facility that was subject to the accreditation process, which we worked through in the Senate Community Affairs References Committee and which tabled the report, to which Senator Marshall referred, *Quality and equity in aged care*. We were given advice then about how the accreditation process operates. A range of witnesses came before that inquiry, raising concerns about how they felt the process operated and wanting to be involved in some solutions, because everybody shares the concern about ensuring that our older Australians have access to safe, quality aged care. The minister made that point yesterday, and I think again today, that we all have this concern.

Through the aged care Senate inquiry, which, as Senator Marshall said, reported to this place in June 2005, we gave 51 unanimous recommendations that were gathered together over months during that inquiry and while working with many of the same people that the minister has said he will be meeting with in early March. I will call it a meeting; he may call it a ‘summit’. But it is not that urgent, because it is taking several weeks to happen. Many of those people, if not all of them—and I will check that to make sure—gave evidence to our inquiry. One of the core aspects of that was the absolute necessity to have community confidence in the assessment process. We know there must be standards in terms of care for aged Australians. There are a range of those, and anybody can access that through the website or contacting the accreditation agency, and there are processes for each agency to be assessed. The minister did talk through how some of that occurred.

What we did not have was immediate action on a persistent failure to meet those standards over three years. Minister, this is not a knee-jerk reaction. We want some confidence in a system that is public and has been lauded as one of the best in the world. I do have great respect for the people who work in this system. But where there is persistent failure to meet standards there must be immediate action; otherwise, how will
things be fixed? Minister, do not feel bulldozed into taking action, which you said maybe you felt today; actually feel the commitment to take action to meet the expectations of the community. *(Time expired)*

Question agreed to.

**Ms Cornelia Rau**

**Senator NETTLE** (New South Wales) (3.29 pm)—I move:

That the Senate take note of the answer given by the Minister for Immigration and Multicultural Affairs (Senator Vanstone) to a question without notice asked by Senator Nettle today relating to the detention of and compensation for Ms Cornelia Rau.

Cornelia Rau was found over a year ago suffering from untreated schizophrenia in Baxter detention centre. In the time leading up to the report by the Palmer inquiry, which looked at Cornelia Rau’s case, the government continued to say that they would not deal with any issues relating to compensation or other issues until they had received the Palmer report. The Prime Minister said that there was an inquiry process under way and that until the Palmer inquiry reported it was not the government’s intention to contemplate or discuss other issues. He said that when the findings of the Palmer inquiry were in then all the circumstances could be assessed and further attention could be given to what should be done. He acknowledged in parliament the difficult experience that Cornelia Rau had gone through—which I think is an understatement.

The Palmer inquiry reported on 14 July of last year, yet we still have not heard from the government what concrete steps they are taking to resolve this issue. I acknowledge that the process with her lawyers has taken some time. There is hope on the part of her lawyers and, as the minister indicated, on the part of the government that the issue can be resolved outside the courts through a negotiated agreement. But we are not getting any closer to any compensation being paid along the way. Unfortunately, the delays are similar to those that we saw in the case of Vivian Solon, where it took so long for the Department of Immigration and Multicultural Affairs and the lawyers involved to decide on a way in which this could be determined.

One would hope, looking at that situation from the outside, that it could be resolved and that a process could be set in place in the case of Vivian Solon so that when we got to Cornelia Rau—and, hopefully, there will be nobody else down the track—there would be a process in place to determine how these issues could be resolved. It is now over six months since Palmer reported and over a year since Cornelia Rau was found and released, and she still has not received one cent in compensation.

Part of the difficulty for people in the Australian community in understanding what has happened in detention centres and what kinds of circumstances people are being held in is the isolation that people experience because they are detainees in remote detention centres. The very remoteness of the detention centres themselves is an issue. Cornelia Rau, for example, was first taken into custody in Far North Queensland and then wound up behind razor wire in the remote detention centre of Baxter. Similarly, another group of detainees, the West Papuan asylum seekers, arrived in Far North Queensland. They have been taken even further away than Cornelia Rau was and are now over on the extremely remote external territory of Christmas Island.

From answers given by the department of immigration in Senate estimates the other week, it appears to be the government’s intention to send a large number of detainees over to Christmas Island. That is why, on Christmas Island at the moment, a massive new detention centre is being built. It is an
enormous detention centre that is intended to hold 800 beds. When you go and look at the size of the construction that is going on, it is easy to believe that there is an intention to hold many more than 800 people there. It is an enormous facility. The department of immigration said in the last estimates that the latest figure for the spending on that was $210 million, but there is clearly an intention to build a lot more and spend a lot more.

This is not something that the people of Christmas Island are welcoming onto their island, either. One of them commented to me that they do not want to be an island of gulags—I think that was the language that was used. The shire president said that the only carrot that had been waved in front of him and others from Christmas Island was the possibility of 20 local jobs. Twenty local jobs at a facility that is designed to have 800 people is hardly a great offer to the people of Christmas Island. It is unsurprising that they are saying that they simply do not want this facility to be built.

It is partly the remoteness of Christmas Island and other detention centres that means that we do not hear about the circumstances of people like Cornelia Rau and Vivian Alvarez. That is what leads the government to the point that they are at now, where they are having to deal with these compensation issues. Unfortunately, they continue to drag out the compensation issues so that they cannot be resolved. Worse than that, they build more detention centres. (Time expired)

Question agreed to.

PETITIONS

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

Information Technology: Internet Content

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

We, the undersigned citizens of Australia draw to the attention of the Senate the common incidence of children being exposed to Internet websites portraying explicit sexual images. These images may involve children/teens, sexual violence, bestiality, and other disturbing material. Many such websites use aggressive, deceptive or intrusive techniques to induce viewing. We submit to the Senate that:

• Exposure to pornography is a form of sexual assault against children and should be considered, like all sexual abuse of children, as a serious matter causing lasting harm.

• It is not adequate to charge individual parents with the chief responsibility for protecting their children from Internet pornographers determined to promote their product, OR to expect parents to teach children to cope with the damaging effects of pornographic images AFTER exposure.

• It is the primary duty of community and Government to prevent children being exposed to pornography in the first place by placing restrictions on pornographers and those businesses distributing such material.

• Internet Service Providers (ISPs), should accept responsibility for protecting children from Internet pornography, including liability for harm caused to children by inadequate efforts to protect minors from exposure.

Your petitioners therefore, pray that the Senate take legislative action to restrict children’s exposure to Internet pornography. We support the introduction of mandatory filtering of pornographic content by ISPs and age verification technology to restrict minor’s access.

by The President (from 15 citizens).

Workplace Relations

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

The petition of certain citizens of Australia draws the attention of the Senate to the fact that Australian employees will be worse off as a result of the Howard Government’s proposed changes to the industrial relations system.

The petitioners call upon the Howard Government to adopt a plan to produce a fair industrial relations system based on fairness and the fundamental principles of minimum standards, wages
and conditions; safety nets; an independent umpire; the right to associate; and the right to collectively bargain.

The Petitioners therefore ask the Senate to ensure that the Howard Government:

1. Guarantees that no individual Australian employee will be worse off under proposed changes to the industrial relation system.
2. Allows the National Minimum Wage to continue to be set annually by the independent umpire, the Australian Industrial Relations Commission.
3. Guarantees that unfair dismissal law changes will not enable employers to unfairly sack employees.
4. Ensures that workers have the right to reject individual contracts and bargain for decent wages and conditions collectively.
5. Keeps in place safety nets for minimum wages and conditions.
6. Adopt Federal Labor’s principles to produce a fair system based on the fundamental principles on minimum standards, wages and conditions; safety nets; an independent umpire; the right to associate; and the right to collectively bargain.

by Senator Ludwig (from 334 citizens).

Petitions received.

NOTICES

Presentation

Senator Allison to move on the next day of sitting:

That the time for the presentation of the report of the Select Committee on Mental Health be extended to 28 April 2006.

Senators Kemp and Lundy to move on the next day of sitting:

That the Senate—

(a) congratulates the Australian Olympic Team for achieving an outstanding result at the Winter Olympics in Torino;
(b) particularly congratulates medal winners Dale Begg-Smith and Alisa Camplin in helping the Australian team achieve its second best result at the Winter Olympics;
(c) congratulates the Olympic Winter Institute and the Australian Institute of Sport on their key contributions to the preparation of the Australian Winter Olympic team; and
(d) acknowledges the important contribution of the Australian Sports Commission to the preparation of the team.

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) on the Australian Broadcasting Corporation’s Insiders program on Sunday, 26 February 2006, the Treasurer (Mr Costello) said that he thinks ‘we can offer a tolerant Australia which respects the rights and liberties of all as long as we’ve got agreement on a few key points. One is a secular state’; and
(ii) on Monday, 27 February 2006 during question time, the Minister for Finance and Administration (Senator Minchin) said ‘It is a fact that in Australia, as a long part of the Western tradition, there is a separation of church and state’; and

(b) calls on the Government, if it is serious about a secular state, to take steps to:

(i) remove religious references from statutory oaths and pledges,
(ii) abolish official parliamentary prayers,
(iii) remove tax advantages that solely apply for religious purposes, and
(iv) consider other ways of achieving a true separation of church and state.

Senator McLucas to move on the next day of sitting:

That the following matter be referred to the Community Affairs References Committee for inquiry and report by 17 August 2006:

An examination of the funding and operation of the Commonwealth-State/Territory...
Disability Agreement (CSTDA), including:

(a) an examination of the intent and effect of the three CSTDA's to date;
(b) the appropriateness or otherwise of current Commonwealth/state/territory joint funding arrangements, including an analysis of levels of unmet needs and, in particular, the unmet need for accommodation services and support;
(c) an examination of the ageing/disability interface with respect to health, aged care and other services, including the problems of jurisdictional overlap and inefficiency; and
(d) an examination of alternative funding, jurisdiction and administrative arrangements, including relevant examples from overseas.

Senator Coonan to move on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the Broadcasting Services Act 1992, and for other purposes. Broadcasting Services Amendment (Subscription Television Drama and Community Broadcasting Licences) Bill 2006.

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes the recent reports of abuse on residents of aged care nursing homes; and
(b) calls on the Government and all state and territory governments to protect older Australians by:
(i) exploring the introduction of mandatory reporting of suspected abuse,
(ii) exploring the potential benefits of pre-employment police checks for aged care workers, and
(iii) supporting the Public Interest Disclosure (Protection of Whistleblowers) Bill 2002 [2004] which seeks to make reprisals against whistleblowers illegal and punishable by fine or imprison-ment.

Senators Allison and Stott Despoja to move on the next day of sitting:

That the Senate—

(a) notes:
(i) the current speculation about Iran's capabilities and intentions with regard to its possible development of nuclear weapons,
(ii) with deep concern, the threat of military action being considered against Iran, including the possible use of tactical nuclear weapons, and
(iii) successive resolutions in the United Nations General Assembly on negative security assurances and guarantees from the nuclear weapon states that nuclear weapons will never be used against non-nuclear armed states, and the importance of that principle in ensuring that non-nuclear weapon states have no motive to acquire nuclear weapons;
(b) urges the Government to pursue a resolution of the Iranian crisis based on the following principles:
(i) no use of any military intervention whatsoever by any party, for any reason,
(ii) a clear commitment by all nuclear-armed parties not to use nuclear weapons in this situation, and to recommit to the doctrine of no 'first use' of nuclear weapons,
(iii) a clear commitment by all parties to the global elimination of nuclear weapons, including reaffirmation of the Final Declaration of the 2000 Non-Proliferation Treaty Review conference, and relevant UN General Assembly resolutions, including the L28 resolution sponsored by Japan and Austra-lia,
(iv) the implementation of the 1995 Non-Proliferation Treaty Resolution on a nuclear-weapon-free zone in the Middle East, implementation of the annual consensus-adopted UN General As-
Chamber resolutions on the ‘Establishment of a nuclear-weapon-free zone in the region of the Middle East’,

(v) a diplomatic path to the removal of tensions between the United States of America, Israel and Iran, involving compromise on all sides (except where the development or threat of nuclear weapons is concerned), recognising the legitimate security concerns of all parties including Israel and Iran, and refraining absolutely from inflammatory statements, and

(vi) encouragement of all states parties to the Nuclear Non-Proliferation Treaty to remain within that framework and all non-states parties to join that regime; and

(c) conveys the text of this resolution to all UN Security Council missions and their foreign ministers or secretaries of state, and the Governments of Iran and Israel.

Senator Moore to move on the next day of sitting:

That the time for the presentation of the following reports of the Community Affairs References Committee be extended to 22 June 2006:

(a) workplace exposure to toxic dust; and

(b) petrol sniffing in remote Aboriginal communities.

Senator Wong to move five sitting days after today:

That the Declaration of percentage of Commonwealth supported places to be provided by Table A providers for a course of study in medicine, made under paragraph 36-35(1)(b) of the Higher Education Support Act 2003, be disallowed.

Postponement

The following items of business were postponed:

Business of the Senate notice of motion no. 2 standing in the name of Senator Hurley for today, proposing the reference of matters to the Legal and Constitutional References Committee, postponed till 2 March 2006.

General business notice of motion no. 368 standing in the name of Senator Stott Despoja for 1 March 2006, relating to the Convention on the Elimination of All Forms of Discrimination against Women, postponed till 2 March 2006.

General business notice of motion no. 378 standing in the name of the Leader of the Australian Democrats (Senator Allison) for today, relating to young people and tobacco, postponed till 1 March 2006.

General business notice of motion no. 380 standing in the name of Senator Siewert for today, relating to the proposed expansion of the McArthur River mine, postponed till 1 March 2006.

LEAVE OF ABSENCE

Senator Ferris

(South Australia) (3.35 pm)—by leave—I move:

That leave of absence be granted to Senator Siewert for 28 February 2006, on account of ill health.

Question agreed to.

WHALING

Senator Bob Brown

(Tasmania—Leader of the Australian Greens) (3.36 pm)—I move:

That the Senate opposes whaling and calls on the Australian Government to request Japan to withdraw its whaling fleet from Australia’s southern oceans.

Question agreed to.

IRAN: NUCLEAR PROGRAM

Senator Nettles

(New South Wales) (3.36 pm)—I move:

That the Senate—
(a) notes:
(i) that the International Atomic Energy Agency’s board of governors will meet on 6 March 2006 to consider the resumption of aspects of Iran’s nuclear program,
(ii) the recent media reports that suggest the United States of America (US) and Israel are considering a military strike on Iran, and
(iii) the recent report by the Oxford Research Group that found that as many as 10 000 people could die in such an attack; and
(b) calls on the Government to:
(i) support diplomatic initiatives to prevent Iran from pursuing nuclear weapons,
(ii) encourage all parties to the Nuclear Non-Proliferation Treaty to pursue its requirements for nuclear disarmament, and
(iii) rule out Australian support for a military strike on Iran by the US or Israel.

Question put.
The Senate divided. [3.41 pm]
(The President—Senator Calvert)

Ayes…………… 3
Noes…………… 47
Majority……… 44

AYES
Brown, B.J.
Nettle, K.

NOES
Lightfoot, P.R.
Lundy, K.A.
Marshall, G.
McEwen, A.
McLucas, J.E.
Nash, F.
Patterson, K.C.
Polley, H.
Ronaldson, M.
Sherry, N.J.
Sterle, G.
Watson, J.O.W.
Wortley, D.

(b) calls on the Government to:
(i) support diplomatic initiatives to prevent Iran from pursuing nuclear weapons,
(ii) encourage all parties to the Nuclear Non-Proliferation Treaty to pursue its requirements for nuclear disarmament, and
(iii) rule out Australian support for a military strike on Iran by the US or Israel.

Question put.
The Senate divided. [3.46 pm]
(The President—Senator the Hon. Paul Calvert)

Ayes…………… 3
Noes…………… 47
Majority……… 44

AYES
Brown, B.J.
Milne, C. *
Nettle, K.

NOES
Adams, J.
Brandis, G.H.
Calvert, P.H.
Carr, K.J.
Colbeck, R.
Ellison, C.M.
Fierravanti-Wells, C.
Forshaw, M.G.
Humphries, G.
Hutchins, S.P.
Joyce, B.

Ludwig, J.W.
Lundy, K.A.
Marshall, G.
McEwen, A.
McLucas, J.E.
Nash, F.
Patterson, K.C.
Polley, H.
Ronaldson, M.
Sherry, N.J.
Sterle, G.
Watson, J.O.W.
Wortley, D.

* denotes teller

NUCLEAR NON-PROLIFERATION TREATY

Senator MILNE (Tasmania) (3.45 pm)—
I move:
That the Senate—
(a) notes that:
(i) India is not a signatory to the Nuclear Non-Proliferation Treaty,
(ii) the President of the United States of America (US), George W Bush, will visit India in the week beginning 26 February 2006 to advance sales of US nuclear power technology to India, and
(iii) the Prime Minister (Mr Howard) intends to visit India where the Australian Government hopes to facilitate uranium export contracts; and
(b) calls on the Government to:
(i) cease pressuring the state and territory governments to permit the expansion of uranium mining, and
(ii) cease activities that deliberately undermine the Nuclear Non-Proliferation Treaty.

Question put.
The Senate divided. [3.46 pm]
(The President—Senator the Hon. Paul Calvert)
Tuesday, 28 February 2006

AYES

Ayes……………… 3
Noes……………… 47
Majority……… 44

AYES

Brown, B.J.
Nettle, K. *

NOES

Adams, J.
Boswell, R.L.D.
Brown, C.L.
Campbell, G.
Colbeck, R.
Ellison, C.M.
Fierravanti-Wells, G.
Forshaw, M.G.
Humphries, G.
Hutchins, S.P.
Joyce, B.
Lightfoot, P.R.
Lundy, K.A.
Marshall, G.
McEwen, A.
McLucas, J.E.
Nash, F.
Patterson, K.C.
Ray, R.F.
Scullion, N.G.
Stephens, U.
Trood, R.
Webber, R.
Wortley, D.

* denotes teller

Question negatived.

COMMITTEES

Community Affairs Legislation Committee

Meeting

Senator FERRIS (South Australia) (3.50 pm)—At the request of Senator Humphries, I move:

That the Community Affairs Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 2 March 2006, from 3.30 pm to 7.30 pm, to take evidence for the committee’s inquiry into the provisions of the Aged Care (Bond Security) Bill 2005 and related bills.

Question agreed to.

Rural and Regional Affairs and Transport Legislation Committee

Meeting

Senator FERRIS (South Australia) (3.50 pm)—At the request of Senator Heffernan, I move:

That the Rural and Regional Affairs and Transport Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 1 March 2006, from 4.30 pm to 6.30 pm, to take evidence for the committee’s inquiry into the administration by the Department of Agriculture, Fisheries and Forestry of the citrus canker outbreak.

Question agreed to.

AUSTRALIAN CITIZENSHIP

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.51 pm)—I move:

That the Senate—

(a) notes the call by the Treasurer (Mr Costello) for people applying for Australian citizenship who do not ‘share certain beliefs’ to be refused citizenship, and those Australians holding dual citizenship who do not ‘share certain beliefs’ to be stripped of their Australian citizenship; and

(b) calls on the Treasurer to outline how that non-sharing is defined and how this could be framed in law.

Question put.

The Senate divided. [3.55 pm]

(The President—Senator the Hon. Paul Calvert)

Ayes……………… 31
Noes……………… 36
Majority……… 5
AYES

Allison, L.F.  Bartlett, A.J.J.
Brown, B.J.  Brown, C.L.
Campbell, G.  * Carr, K.J.
Crossin, P.M.  Faulkner, J.P.
Forshaw, M.G.  Hogg, J.J.
Hurley, A.  Hutchins, S.P.
Kirk, L.  Ludwig, J.W.
Lundy, K.A.  Marshall, G.
McEwen, A.  McLucas, J.E.
Milne, C.  Moore, C.
Murray, A.J.M.  Nettle, K.
Ray, R.F.  Polley, H.
Stephens, U.  Sterle, G.
Webber, R.  Wong, P.
Wortley, D.

NOES

Abetz, E.  Adams, J.
Barnett, G.  Boswell, R.L.D.
Brandis, G.H.  Calvert, P.H.
Campbell, I.G.  Chapman, H.G.P.
Colbeck, R.  Coonan, H.L.
Eggleslon, A.  Ellison, A.
Ferris, J.M.  * Fierravanti-Wells, C.
Fieth, M.P.  Heffernan, W.
Hill, R.M.  Humphries, G.
Johnston, D.  Joyce, B.
Kemp, C.R.  Lightfoot, P.R.
Macdonald, I.  Macdonald, J.A.L.
Mason, B.J.  McGauran, J.J.J.
Minchin, N.H.  Nash, F.
Parry, S.  Patterson, K.C.
Payne, M.A.  Santoro, S.
Scullion, N.G.  Troeth, J.M.
Trood, R.

PAIRS

Bishop, T.M.  Vanstone, A.E.
Conroy, S.M.  Ronakson, M.
Evans, C.V.  Ferguson, A.B.

* denotes teller

Question negatived.

NOTICES

Postponement

Senator NETTLE (New South Wales) (3.59 pm)—by leave—At the request of the Chair of the Rural and Regional Affairs and Transport References Committee, Senator Siewert, I move:

That general business notice of motion no. 376 standing in the name of Senator Siewert for today, relating to an extension of time for the committee to report, be postponed until 1 March 2006.

Question agreed to.

AUDITOR-GENERAL’S REPORTS

Report No. 30 of 2005-06

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: Audit report No. 30 of 2005-06: Performance Audit—The ATO’s strategies to address the cash economy: Australian Taxation Office.

Senator SHERRY (Tasmania) (4.00 pm)—by leave—I move:

That the Senate take note of the document.

Report No. 30 of 2005-06 is yet another important report by the Australian National Audit Office. As I have said on a number of other occasions, thank goodness for the Audit Office. For all of those people listening to the broadcast of this debate, I note that the Audit Office is a statutory independent office responsible for the detailed oversight—auditing—of government departments, instrumentalities, programs and the like. It is important because it is independent and fearless in its examination of instrumentalities and programs. Against a backdrop of declining standards of governance in this country, as practised by this government, the Audit Office becomes one of our last bastions for ensuring independent and effective scrutiny of the activities of government and its instrumentalities—in this case, the Australian Taxation Office.

The Audit Office has highlighted a number of issues in respect of the tax office’s collection of what is called the taxation that accrues from the cash economy. It is interest-
ing to note that the Audit Office outlines how in fact we measure and estimate the value of the cash economy—and, by definition, the cash economy would be hard to value. It refers to the lower end range of estimates made by the Australian Bureau of Statistics in 2003, which estimated that the cash economy represented about two per cent of gross domestic product, which it thought understated it. Translating that into a dollar figure gives a value of the cash economy in 2001-02 of about $13.4 billion—so it would be likely to be much higher today—on which taxation is not paid.

I smiled a little at the opening comment in paragraph 1.3 of the report, which stated, I thought rather boldly, that ‘the use of cash is not illegal’. I am glad that it is not! They point out: ... what is illegal is the non-declaration of cash income or the misstatement of expenses for tax purposes that is facilitated by cash transactions without proper receipts and other documentation.

I am glad to hear that the use of cash is not illegal in Australia—at least not yet. But it is a serious issue. I cast my mind back to the debate we had in respect of the introduction of the goods and services tax in this country. I am sure people would remember that this was defined, from the Liberal government’s point of view, as the reform that was aimed at fixing a broken tax system. One of the issues that was debated at that time was the cash economy. It was argued by the Liberal government that a goods and services tax would at least partly fix the revenue gap or hole that was a consequence of the cash economy.

What is interesting by way of background regarding the identification of the size of our cash economy is that it has actually grown with the GST. It has not shrunk. I find that unsurprising, frankly. If you think about the GST, it is not surprising that the cash economy has grown, yet this was seriously advanced by the Liberal government as one of the reasons for introducing a GST in this country. They also claimed that the tax system was broken and that income tax and company tax were not going to be able to sustain future government expenditure. That was another absurd claim made at the time that the GST was introduced. What do we have today? We have record collections of income and company tax. So the old tax system was not broken; that was simply a con job by the government, massively promoted at taxpayers’ expense, to convince the electorate to support the introduction of a GST.

Coming back to the cash economy, it is important that the tax office is vigilant in this area in order to ensure that the at least $13.4 billion—considerably higher than that now—is available for tax purposes. The Audit Office made five or six recommendations in respect of the tax office improving its approach to collecting and maximising the tax revenue from the cash economy. I have only had about 10 minutes to read the report but it does not appear to identify what I would call significant failings by the tax office. There are a number of recommendations that I am pleased to see that the tax office has accepted in order to improve compliance activity and tax collection in this area. The report indicates:

Over the past three years the chances of businesses in cash economy industries being reviewed by the ATO has increased. The cash economy teams—and there are specific teams—have contacted over 123,000 businesses where cash trading is prevalent and this has led to extra tax of over $352 million being assessed. Many of these businesses were assisted to keep better records making it easier to meet their obligations.

I referred there to cash economy industries. The report does identify a number of industries which are more susceptible to cash
economy transactions. These include—and this would not come as a surprise to anyone who is listening—businesses such as hotels, clubs, the construction industry, restaurants, cafes and takeaways. They are just some of the industries that are identified as cash economy industries. Table 3.2 is a useful table which lists the number of cases and revenue adjustments from cash economy projects in 2004-05. For example, in hotels and clubs there was a revenue adjustment of some $27 million, with the number of cases finalised being over 5,200. That is a lot of intensive casework. That is just illustrative. In property and construction there were some 13,700 cases, and in restaurants, cafes and takeaways there were over 10,000 cases, with the revenue breakdown collected.

Overall, it appears that the Audit Office are satisfied with the activities of the ATO in this area. There could be some room for improvement in some six areas, but the ATO has accepted the recommendations of the Audit Office. As I said, by general standards this is not too bad a report in terms of any shortcomings or failings identified by the Audit Office. I have had occasion to speak on a number of other Audit Office reports over the last few years, and I would have to say that this is one of the more benign reports in terms of activities, failings or problems that are identified. There have been far worse reports. I think amongst the worst was the Audit Office report into defence equipment, which identified that there was some $5.9 billion in defence department equipment missing. That was amongst the worst reports.

With those few words about this report, I conclude my remarks by saying that the Audit Office performs a very important role. I know it does not get a lot of public attention, but it has an independent statutory oversight. It is my wish that there had got into that Wheat Board a bit earlier. It is pity that the Audit Office did not have a hard look at the Wheat Board and some of the activities there. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

**BUDGET**

**Consideration by Legislation Committees**

**Additional Information**

**Senator EGGLESTON** (Western Australia) (4.10 pm)—On behalf of the Chair of the Foreign Affairs, Defence and Trade Legislation Committee, Senator Johnston, I present additional information received by the committee relating to supplementary estimates hearings in the 2005-06 budget estimates.

**Senator FAULKNER** (New South Wales) (4.11 pm)—I seek leave to move a motion in relation to the documents.

Leave granted.

Senator FAULKNER—I move:

That the Senate take note of the documents.

This report is one to the Senate from the Foreign Affairs, Defence and Trade Legislation Committee, and I am particularly interested in volume 2 of this report because that deals with the Foreign Affairs and Trade portfolio—the Department of Foreign Affairs and Trade, AusAID and Austrade. Of particular interest to the Senate is the fact that on pages 4, 5 and 6 of this report we have answers to questions from senators which were asked on 3 November 2005 in relation to the Australian Wheat Board. I might come back to those answers in a short while.

However, this stands in very stark contrast to the approach of the government in relation to not only the foreign affairs and trade estimates committee but all estimates committees in the recent round. Senators would recall that in an absolutely unprecedented action the Leader of the Government in the Senate indicated that ministers and officials would not be answering any questions in relation to matters that may, however loosely
or indirectly, have some vague association
with matters before the Cole royal commis-
sion. In fact, it was interpreted even more
broadly than that.

How did this come about? Neither the La-
bor Party—the opposition—nor, for that mat-
ter, any non-government senators were in-
formed of this ban. The cabinet had made a
decision some time before Minister Minchin
indicated to the estimates committee that the
ban had been imposed. When this Senate
chamber determined the arrangements for the
Senate estimates committees, no-one in gov-
ernment had the courtesy to inform the oppo-
sition or non-government senators that ques-
tions on this important matter that had been
dominating public and parliamentary debate
in the week prior to Senate estimates were
banned. No-one acknowledged or notified
senators in this chamber that they were about
to be ambushed by the government.

It was unprecedented. It was improper. It
was absolutely outside the standing orders
that govern the operations of this Senate
chamber and the committees of the Senate. It
was something that had never previously
occurred in the history of the Common-
wealth parliament. I suppose you do not ex-
pect much courtesy in this place but, for this
government, it plumbed new depths. But this
is a government that has absolutely no inter-
est in parliamentary accountability.

We have a situation where when questions
were asked of the Department of Foreign
Affairs and Trade, time and time again, when
the questions were directed through the min-
ister, the minister refused to answer. It was
quite extraordinary that when questions were
directed to officials from Austrade—which
has statutory autonomy—there was a prob-
lem. The Minister for Trade, Mr Vaile, had
not made a direction to Austrade officials in
accordance with the Austrade Act so as to
prevent Austrade officials answering ques-
tions. But that was ignored too. We could not
even get a straight answer from the minister
at the table, the Minister for Commu-
nications, Information Technology and the Arts,
Senator Coonan, as to whether Mr Vaile had
provided a direction in writing to Austrade
officials to prevent them from answering
questions properly directed to them. Why
not? Because no such direction was provided
in accordance with the Austrade Act by Min-
ister Vaile. So they were hung out to dry.

From time to time, some questions about
the operations of the department in relation
to how it responded to a subpoena from the
Cole royal commission, how documents
were collected and other procedural or ad-
ministrative issues were answered. Through
recent evidence at the Cole royal commis-
sion, what has become absolutely clear in
relation to those procedures in the Depart-
ment of Foreign Affairs and Trade is how
hopeless even that action was. The Depart-
ment of Foreign Affairs and Trade had a co-
dordinating role but the procedures in other
departments have also proven to be abso-
lutely inadequate. We even had a situation
where one minister was congratulated for
ensuring another search took place in his
department, the Department of Defence, in
recent time. So the procedures within the
department have been inadequate.

The breach of Senate procedures, the
breach of proper process and the breach of
faith involved in this are unprecedented in
the history of the Commonwealth. Of course,
the government is hell-bent, with its new
Senate majority, on turning the best account-
ability mechanism we have in the Australian
parliament into a farce and a joke. As far as
the opposition are concerned, we intend to
keep going.

We know what the Prime Minister’s theme
is in relation to any questions that might em-
barrass him. As someone who is moving on
in years, I remember in my youth Helen Shapiro’s famous hit *Not Responsible*. That is the Prime Minister’s theme song: ‘Not, not, not responsible. I can’t answer for the things I do.’ They might be Helen Shapiro’s words, but they are John Howard’s slogan. That is how this government does business: not responsible. The Prime Minister will not be responsible for his or the government’s actions. The words of the song are: ‘I can’t answer for the things I do.’ In Mr Howard’s case, he won’t answer for the things that he and his ministers have done.

I find it absolutely extraordinary that we have a situation where we go to war with Iraq on the basis of a lie and make the most condemnatory statements as a nation about the Saddam Hussein regime when, on the other hand, while we are doing that, through the backdoor, we are acting as Saddam Hussein’s bankers to the tune of $300 million. Under the laws of the land, introduced by the Howard government and supported in large measure by this opposition, if a person is reckless as to whether funds will be used to fund terrorism or be used to facilitate or engage in a terrorist act—if you are just reckless—the penalty is life imprisonment. So imagine what would happen in the case of an Islamic or Muslim organisation where $300,000 was channelled to Saddam Hussein. But in this case $300 million was channelled because this government turned a blind eye to what AWB were doing. It is the greatest scandal in the history of the Commonwealth of Australia. (Time expired)

**Senator ROBERT RAY** (Victoria) (4.21 pm)—I took no pleasure from the fact that I predicted that the government would gag public servants. I said so in a meeting of Labor Party people several days before estimates. They were a bit cynical of that view, but it proved to be right—and I take no pleasure in it. What I do not take pleasure in either was that when we asked the question: ‘Who imposed this ban?’ the answer from the minister at the table was: ‘The government.’ We asked: ‘Who in the government?’ An answer was refused. ‘When was the decision taken?’ Answer refused.

Later in the day, the Prime Minister fessed up in the House of Representatives: it was a cabinet decision. Clearly he sent a message to Senator Minchin that we could be told the date of it, which was 6 February. But we could not even get answers to questions from the Department of the Prime Minister and Cabinet about when they received notification and whether they instructed public servants in writing. We could not even get that. So this was basically an ambush: make the decision on 6 February but don’t announce it until 13 February. Let all the Labor Party people—other than me, probably—slave away, research the issue and get prepared, and then waste all that time. That was a deliberate strategy. It is a disgraceful one because it means that other areas at estimates, when there was not going to be time for them, were not covered properly. That is a pretty cynical exploitation of the cabinet decision-making process. If it was such a principled decision made on 6 February, why wasn’t it announced then? Why weren’t we informed so we could concentrate on other areas?

I suppose in some ways the ban is a great compliment to Labor senators in particular. Labor senators are, apparently, feared at estimates committees. They were worried about what might come out. Let us accept none of the nonsense that, in fact, they were worried about impinging on the Cole inquiry, because the ban only applies to estimates. It does not apply to any other committee. A reference committee tomorrow considering an annual report could call the same public servants in, cross-examine them, and there would be no ban. So the government’s fear
was of the estimates process, not the parliamentary process.

The fact is that they botched it even then. It had not applied and could not apply to statutory authorities, so the Wheat Export Authority had to come in and answer questions. But Austrade were banned even though, when you read their legislation, you have to have a written directive to be able to enforce it on them. In fact, that was an illegal act by this government. But the tragedy of this is that information that could have been pursued then may have enlightened us all. For instance, we did ask some process questions about documents that were made available, but we could not pursue it in depth.

And what happens today? Four new secret cables are discovered and sent to the Cole inquiry. They go back to the year 2000, to meetings in Washington, and go to Canberra recommending—but we do not know the result of it—that Mr Vaile be informed. I am not alleging that Mr Vaile was informed at that stage, but we would have liked to know why he was not informed. If these cables were coming from New York from Mr Nicholas, expressing all sorts of concerns after a meeting with Mr Flugge, why can’t we pursue those issues? The Cole commission does not have the terms of reference to fully explore the government’s role. It was deliberately cast that way so it could not. If you look at the cross-examination these are peripheral issues to the Cole inquiry, but they are core business for this Senate and the scrutiny of the executive.

I must say that the most disappointing aspect of this was PM&C. I want to refer to the following exchange. Senator Faulkner asks the deputy secretary:

Dr Morauta, when were you informed of the government decision in relation to this matter?—that is, about the gag on public servants—

Dr Morauta—I think I will take the question on notice.

Only two implications can be drawn from that answer: ‘I am willing to cover it up and not say anything,’ or ‘I do not know.’ They are the only two explanations. I await a third one, if there is one. What does that say about a deputy secretary who will not answer a direct question from an estimates committee? It was not a banned question, by the way. It did not go to the AWB, it did not go to the Cole commission; it went to the processes of government. Can we really believe that a deputy secretary could not recall or did not know of this cabinet decision, when we know that the secretary of the Senate Rural, Regional and Transport Legislation Committee on the Tuesday read the decision and ultimately remembered and recalled sending out written instructions on this to public servants? Or can we believe that Mr Varghese found out about it at the start of the estimates process and noted it? The answer from DFAT is that they knew a week before and they had instructed officers. But, oh, no—in PM&C the deputy secretary cannot answer that question! I think it is an absolute disgrace that witnesses take questions on notice to which they know the answer but it is politically inconvenient to give it.

The thing that strikes me, that is a tragedy in this government, is the dumbing down of the Department of the Prime Minister and Cabinet. I have been going to those estimates committees for 10 years and I have run into some pretty fearsome characters there, some immensely capable people. And I am just wondering whether PM&C has been used too much as a recruiting ground to fill up other departments’ weaknesses and it is now left with the dross that it has got. That performance by the public servants on that day was nothing short of pathetic.

I predict again: by the time we get around to the May estimates some new excuse will
come up not to have the public servants examined. It will be because matters are with the DPP or the report is not in, or some other reason to avoid scrutiny. Really, I do not think that is good enough. Senator Faulkner pointed out that this is not just a matter of bad form. If, in fact, money went to the Saddam Hussein regime—and the government define that regime as one that supported terrorism—then their own legislation kicks in. So we need to know the full details. We need to know what responsibility lies with the Public Service in these matters, why they did not pick up the signals and why they did not act on them. But as long as this ban is in place they are protected.

We are seeing the same weakness on this issue as we saw with weapons of mass destruction. It is not so much that I blame this government for its analysis and its belief that there were weapons of mass destruction or links to al-Qaeda from the Iraqi regime. That is quite feasible, on the intelligence put before them. The same goes with the AWB issue. It is that, once it occurs, there is no desire to go out and prosecute it. I have only heard one substantial Liberal come out and criticise the AWB for its activities and say that there should be possible criminal convictions. That, of course, was a minister who has absolutely nothing to do with the issue, who is isolated from it and who wants to put a bit of pressure on his colleagues because he wants to be Prime Minister. So I take that as a pretty insincere comment.

Any government with decency, faced with the facts that it has now got, would be roaring out there trying to find out—not hiding behind a royal commission, not gagging public servants, but taking the initiative themselves to find out what went wrong, when it went wrong and how they can rectify it. But not this government; it is not interested. It is interested in one thing and one thing alone: how can they protect themselves. They are fearful that a smoking gun will be found, so every activity is directed to distancing themselves from the department and the issue as much as they can. What I would like to see is a hungry government going out there representing the proper interests of Australia and trying to get to the bottom of this particular problem. But, oh no! The answer is: gag public servants, ambush the opposition and sit there smugly knowing you have a Senate majority and you can do what you like.

Question agreed to.

COMMITTEES
Membership

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

Senator SANDY MACDONALD (New South Wales—Parliamentary Secretary to the Minister for Defence) (4.31 pm)—by leave—I move:

That Senator Bartlett replace Senator Stott Despoja on the Foreign Affairs, Defence and Trade References Committee for the committee’s inquiry into naval shipbuilding in Australia.

Question agreed to.

TAX LAWS AMENDMENT (2005 MEASURES No. 6) BILL 2005
First Reading

Bill received from the House of Representatives.

Senator SANDY MACDONALD (New South Wales—Parliamentary Secretary to the Minister for Defence) (4.32 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 SANDY MACDONALD (New South Wales—Parliamentary Secretary to the Minister for Defence) (4.32 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—

This bill amends various taxation laws to implement a range of changes and improvements to Australia’s taxation system.

Amendments contained in this bill ensure that parents who work less than 15 hours a week continue to be eligible for the child care tax rebate.

To be eligible for the rebate, families must receive child care benefit for approved care and meet the child care benefit work/training/study test. The Welfare to Work package introduces a requirement that a taxpayer must work, train, or study for at least 15 hours a week—or 30 hours over 2 weeks—to meet the child care benefit work/training/study test.

Taxpayers will not need to satisfy the new hourly requirements to receive the child care tax rebate. Taxpayers will continue to be eligible for the rebate if they receive child care benefit for approved care and work, train, or study at some time in the week.

This bill also gives effect to the Government’s announcement that it will amend the income tax law to ensure certain not-for-profit organisations are not subject to tax on mutual receipts as a result of the Coleambally Federal Court decision handed down on 7 September 2004.

Under the mutuality principle, membership subscriptions and receipts from other mutual dealings with members are not liable for income tax. The Court’s decision, which held that the principle of mutuality cannot apply where an organisation is prevented from distributing to members, would potentially affect between 200,000 to 300,000 not-for-profit entities including clubs, professional organisations and some friendly societies. The Government’s amendment today restores the longstanding benefits of the mutuality principle that applied prior to the Coleambally decision.

Further refinement to the consolidation regime is contained in this bill. The amendment ensures the method for calculating the rate at which the head company of a consolidated group can recoup a joining entity’s losses, operates as intended. It allows consolidated groups to round the available fraction for a bundle of losses to the first non-zero digit, if rounding to three decimal places would result in an available fraction of nil. The amendment improves the consolidation regime by ensuring that the available fraction rounding rules do not prevent consolidated groups from being able to deduct losses held by a joining entity at the joining time.

Also, this bill amends the lists of deductible gift recipients in the Income Tax Assessment Act 1997. Deductible gift recipient status will assist the listed organisations to attract public support for their activities.

Finally amendments are made to the medical expenses offset to ensure that solely cosmetic procedures are no longer eligible expenses for the purposes of this offset. Specifically, solely cosmetic procedures are excluded from the medical expenses offset under two broad categories: general medical expenses and general dental expenses.

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

I commend this bill.

Debate (on motion by Senator Sandy Macdonald) adjourned.

Ordered that the resumption of the debate be an order of the day for a later hour.

TRADE PRACTICES AMENDMENT (NATIONAL ACCESS REGIME) BILL 2006

First Reading

Bill received from the House of Representatives.

Senator SANDY MACDONALD (New South Wales—Parliamentary Secretary to the Minister for Defence) (4.33 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 SANDY MACDONALD (New South Wales—Parliamentary Secretary to the Minister for Defence) (4.33 pm)—I move:
That this bill be now read a second time.
I table a revised explanatory memorandum relating to the bill and I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.

The speech read as follows—
Infrastructure facilities play an important role in Australia’s economic and social development. The efficient use of, and continued investment in, facilities such as natural gas pipelines and rail tracks are of strategic importance to the nation. Accordingly, the Government’s policy is to assist realising the potential contribution of such services to economic growth and the improved well-being of all Australians.

The Exports and Infrastructure Taskforce report, provided to the Prime Minister in May 2005, highlighted the need for improvements to the regulation of access to services provided through export-related infrastructure facilities.

Much of the work to be done in addressing the recommendations of the report will require the cooperation and action of state and territory governments.

Most recently, the importance of jurisdictional cooperation in the area of infrastructure regulation has been recognised in the new National Reform Agenda, agreed by the Council of Australian Governments on 10 February 2006. As part of a new broad-ranging reform initiative, COAG has agreed to a simpler and consistent national system of economic regulation for nationally-significant infrastructure, including for ports, railways and other export-related infrastructure.

The initiatives contained in this bill reflect recommendations by the Productivity Commission. Importantly, they are consistent not only with the recommendations of the Export and Infrastructure Taskforce report, but also with the underlying principles governing infrastructure regulation that have been agreed to by COAG.

This bill will make an important contribution to promoting timely and efficient infrastructure investment decisions and outcomes, through an improved National Access Regime for infrastructure facilities of national significance.

By way of background, following recommendations of the Report on National Competition Policy by the Hilmer Committee—in 1995—the Commonwealth and state and territory governments agreed to implement a National Competition Policy package.

The package contained a range of measures to increase competition across the economy and thereby enhance economic performance. The National Access Regime is part of the NCP package.


Under Part IIIA, businesses can seek access to strategically important infrastructure services on reasonable terms and conditions.

This access can be sought in cases where replicating the infrastructure concerned would not be economically feasible, and where commercial negotiation with the infrastructure owner or operator has failed. This ensures that facilities with natural monopoly characteristics do not create barriers to competition.

Access provided under Part IIIA promotes competition in upstream and downstream markets, which is essential for sustaining strong economic growth and job creation, and contributes significantly to efficiencies and innovation.

Clause 6 of the Competition Principles Agreement sets out principles for assessing the effectiveness of a state and territory access regime, for the purposes of determining whether the National Access Regime should apply to services provided by means of a facility covered by that regime.
The National Access Regime establishes three pathways available for an access seeker to gain access to a strategically important infrastructure service:

1. by having a service declared so that the access seeker has the right to initiate negotiations with the service provider;
2. by seeking access through an effective industry-specific regime, or
3. by seeking access under the terms and conditions specified in a registered undertaking from the service provider.


In its report, the Commission made 33 recommendations for improvements to the National Access Regime.


The key changes contained in the bill aim to clarify the Regime’s objectives and scope, encourage efficient investment in new infrastructure, strengthen incentives for commercial negotiation and improve the certainty, transparency and accountability of regulatory processes.

These changes provide a balance between ensuring a means for business to gain access to nationally significant infrastructure, while providing incentives for new investment.

The changes are also designed to provide access seekers and investors with greater confidence and certainty about the regulatory framework to enable them to make well-informed decisions.

The major initiatives contained in the bill are as follows.

**Clarifying the objectives of the regime**

The bill will insert a new objects clause in Part IIIA in order to provide greater certainty for infrastructure owners, access seekers, investors and other interested parties.

The objects clause emphasises the need for Part IIIA decisions to promote competition by promoting the economically efficient operation and use of investment in infrastructure.

It also highlights the important role played by Part IIIA in terms of providing a framework for access regulation applying to specific industries.

Decision-makers under Part IIIA will be required to have regard to the objects clause when making their respective decisions.

The implementation of an objects clause will promote consistency and provide guidance in the decision-making process and in the application of Part IIIA, which in turn will enhance regulatory accountability.

**Encouraging efficient investment**

The bill specifies pricing principles that are relevant to the price of access to a service; and that are designed to guide regulatory decision makers.

In its review of the National Access Regime, the Productivity Commission recommended that statutory pricing principles should be established and applicable to all three access pathways under the National Access Regime.

The introduction of pricing principles should achieve a number of important objectives.

They will provide guidance on how the broad objectives of access regimes should be applied in setting terms and conditions.

The pricing principles will provide additional certainty to regulated firms and access seekers, in turn improving the operation of the negotiation-arbitration framework.

Further, pricing principles will provide some guidance for approaches adopted in industry regimes.

Finally, the pricing principles will help to address concerns that a regulator’s own values will unduly influence decisions relating to the terms and conditions of access.

The Government has accepted the recommendation of the Senate Economics Legislation Committee, which reported on 8 September 2005 that pricing principles should be included in the bill.
specifically, rather than in a legislative instrument.

The Committee concluded that the pricing principles were not controversial — with strong support by industry — and having them introduced in the bill would enhance certainty and transparency for investors and access seekers alike.

Minor amendments to the original Bill were moved in the House of Representatives giving full effect to the Committee’s recommendation.

Importantly, the Senate Economics Legislation Committee recommended that the Senate pass the bill once this change was made.

The Australian Competition and Consumer Commission — the ACCC — will be required to have regard to the pricing principles in making a final arbitration determination, and in deciding whether or not to accept an access undertaking or access code.

On review, the Australian Competition Tribunal will also be required to take the pricing principles into account where the Tribunal is required to reconsider a decision of the ACCC.

Furthermore, in using the principles, decision makers will be required to have regard to the pricing principles ‘as a whole’, rather than requiring each and every principle to be satisfied.

As part of the new Competition and Infrastructure Reform Agreement signed by COAG on 10 February 2006, the States and Territories have committed to including the same pricing principles in all access regimes for significant infrastructure facilities. This will promote consistency and greater certainty in access regulation for industry.

The bill also establishes a framework for the granting of immunity from declaration for new infrastructure projects that are to be developed subject to a competitive tendering process.

A competitive tendering process is likely to see any monopoly rents expected to attach to the facilities concerned dissipated in more favourable terms and conditions for service users, rather than accruing to the service provider.

This obviates the need for declaration.

The bill will include a new Division 2B which sets out the process by which the ACCC will assess whether a tender should confer immunity from declaration.

By establishing statutory criteria for the tendering process, the bill provides additional regulatory certainty for government-sponsored investment in infrastructure that is likely to benefit the economy and enhance community well-being overall.

The ACCC will have the power to revoke its approval if it transpires that the assessment of tenders was not in accordance with the tender process, or the service provider concerned is not complying with the terms and conditions of access to the service.

The threat of revocation acts to safeguard the interests of access seekers if the terms and conditions are not reasonable in practice.

Enhancing the access regime

The Government is introducing a number of refinements to enhance the effectiveness of the National Access Regime.

The declaration criteria under the current regime preclude declaration of a service where the relevant infrastructure and subsequent potential public benefits are not significant.

However, as identified by the Productivity Commission, the current declaration criteria do not sufficiently address the situation where, irrespective of the significance of the infrastructure, a declaration would result in only marginal increases in competition.

The bill amends Part IIIA so that declaration of a service cannot be recommended unless access to the particular service would promote a material increase in at least one market other than the market for the service.

The bill also enables an access provider to lodge an undertaking after a service has been declared. This will provide a means of achieving certainty on access terms and conditions, thereby facilitating negotiations between access providers and access seekers.

The bill also makes explicit certain arrangements regarding the powers of the ACCC.

For example, the ACCC will be prevented from accepting an access undertaking if the service concerned is already subject to a state or territory
access regime that has been certified as an effective regime under Part IIIA.
The bill also makes explicit that when arbitrating a dispute for a declared service, the ACCC can require a service provider to permit interconnection to its facility by an access seeker.
The bill also clarifies and enhances the ACCC’s existing powers when arbitrating access disputes. For example, when arbitrating a dispute over access terms and conditions, the ACCC will be required to limit its involvement to matters in dispute between the parties.
It will be empowered to conduct multilateral arbitrations following consultations with relevant parties.
The ACCC will also be required to publish reports addressing specific matters following completion of an arbitration, provided that the published material will not disclose commercially confidential information.
Improving the transparency, accountability and timeliness of the regime
The bill implements a number of measures designed to enhance the transparency, accountability and timeliness of the decision-making processes in Part IIIA.
The bill requires Part IIIA decision makers — such as Ministers, the National Competition Council and the ACCC — to publish reasons for their decisions or recommendations. These would relate to all access routes provided for under the regime: declarations; certifications; and proposed undertakings.
These amendments will enhance procedural transparency and regulatory accountability. They will also help facilitate informed consideration of whether grounds exist to challenge a decision, by way of merit review before the Tribunal or judicial review by the courts.
The bill seeks to improve the accountability of decision makers under the regime by introducing non-binding target time limits to various decision-making processes under Part IIIA.
If the National Competition Council, the ACCC or the Australian Competition Tribunal cannot meet a specified target time limit, the provisions require the party concerned to extend the period and publish notification to that effect in a national newspaper.
In this way, the target time limits should increase incentives for timely decision making, without compromising the rigour of the decision-making process.
The bill also provides discretion to the ACCC to grant interim arbitration determinations, which will not be subject to merit review by the Tribunal, and to backdate final determinations to the date negotiations commenced between the access provider and access seeker. Such changes will also assist in encouraging timely decision making.
This bill provides for public input on specific regulatory decision processes under Part IIIA, where it is reasonable and practicable to seek such input. This would cover, for instance, declaration and certification applications, proposed access undertakings, and access codes.
Public input into the regime’s decision-making processes will enhance informed decision making, particularly when assessing the public interest in each case.
The bill also establishes mechanisms to streamline the extension of a certification or undertaking, prior to its expiry, which should benefit a wide range of stakeholders.
For example, infrastructure service providers will be given the opportunity to avoid potential regulatory uncertainty and delay. Access seekers will also benefit, as the process will expedite regulatory certainty in relation to the terms and conditions governing access to the service.
Finally, the bill contains an important new reporting requirement, as the National Competition Council will be required to report annually on the operation and effects of the regime.
This will provide an opportunity to reflect on the developments that have occurred in the preceding 12 month period, and to consider changes which may further improve the effectiveness of the regime.
Conclusion
In conclusion, the changes to the National Access Regime in this bill will provide access seekers and infrastructure investors with greater confi-
dence and certainty about the regulatory framework.
This will allow informed decisions to be made, and ensure that the National Access Regime will continue to play an important role in Australia’s economic and social development.
I note that, following minor amendments to the bill made by the Government in the House, the bill has the full endorsement of the Senate Economics Legislation Committee.
I commend the bill to the Senate.

Debate (on motion by Senator Sandy Macdonald) adjourned.

FUTURE FUND BILL 2005
Second Reading

Debate resumed.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (4.34 pm)—I would just like to make a few remarks on this very significant piece of legislation, the Future Fund Bill 2005. Firstly, I would like to thank all senators who have contributed to a constructive and good discussion of what is a vital piece of legislation. On behalf of the government, I do appreciate the general support for the policy direction the government is setting in relation to this matter and to the policy intent behind it. I also want to make special reference to the Economics Legislation Committee, especially the chair, Senator Brandis, and the deputy chair, Senator Stephens, for what I think is a good report on this legislation. I thank them for the work they and the committee have done in thoroughly examining it.

From the government’s point of view, this is one of our most significant initiatives in this term of government. It was something we took to the Australian people at the last federal election. It was our undertaking and commitment to the Australian people to establish this very important fund as part of our concern about future financing of obligations entered into by previous Australian govern-

ments. I think the fund itself in general terms does have wide community support. I think the only criticism, if any, has come from some groups who suggest that the establishment of this fund may come at the expense of future tax cuts and/or infrastructure spending. I think that is a misreading of the government’s approach to this fund.

We have made it abundantly clear on numerous occasions that decisions as to the direction of funds into the Future Fund will come after all appropriate budgetary decisions are made. It would be for the government of the day to properly and appropriately make its budgetary decisions on the level of taxation and the nature of the taxation required to meet its expenditure obligations and to make decisions on expenditure, including any it wants to make on infrastructure. Then, as a residual of those decisions, surplus funds that may exist in relation to the budget would be deposited into the Future Fund. Therefore, we reject out of hand any suggestion that government decision making in relation to appropriate levels of taxation or infrastructure spending would be compromised by the Future Fund. That is simply not the case and misunderstands the way this fund will operate.

I should also say that, while I welcome the opposition’s general support for the direction that we are taking and the opposition’s acceptance that it is appropriate for the government to seek to provide for its legal obligations to former public servants through the establishment of this fund, we are not in a position to support the second reading amendment that the Labor Party has proposed. I particularly want to say that I am disturbed by the Labor Party’s continued support for the proposition that earnings of the fund be taken away from the fund and used for other purposes. If I can be as generous as possible and accept that the ALP is genuinely interested in infrastructure spend-
ing, nevertheless, as I said, I think governments should appropriately make those decisions as part of the normal budget process.

When it comes to funds deposited in the fund, it is critical that the fund is able to retain its earnings if it is to have any hope at all of meeting what we believe will be a $140 billion obligation with respect to public sector superannuation. So to strip the fund of its capacity to retain and reinvest its earnings would be extraordinarily detrimental to the whole purpose of this fund. As I say, albeit that one day there should be a future Labor government, it is for that government, in my view and in our government’s view, to make decisions about infrastructure spending as part of its budget process and not pervert or damage the Future Fund’s capacity to meet these obligations. I therefore give notice that we would not be in a position to support the second reading amendment. There are amendments being moved to the bill by the Democrats, and I am happy to deal with them in the committee stage.

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—The question now is that the amendment moved by Senator Sherry be agreed to.

Question negatived.

Original question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator MURRAY (Western Australia) (4.40 pm)—I refer the committee to sheet 4838 revised. I will now move R(1) on its own and will later move R(2) and R(3) together. I move:

R(1) Clause 18, page 12 (after line 26), after subclause (1), insert:

(1A) In giving a direction under subsection (1), the responsible Minister must include in the direction a mandatory requirement for the Board or its members when considering a material corporate governance matter in relation to a company to vote on all such matters.

(1B) A material corporate governance matter referred to in subsection (1A) includes but is not limited to:

(a) matters relating to the constitution of a company; and

(b) matters relating to the election of directors of a company; and

(c) matters relating to the remuneration of directors of a company.

I motivated during my speech on the second reading the consistent—and, hopefully, it will be persistent—line we have taken with respect to investment funds, which is that they essentially act on trust for others, either investors or beneficiaries or both. Where those investments are made, therefore, in our view their holdings are often subject to the principles that surround escrow. That to us means that investment funds should invariably exercise a determination to vote their shares in the companies and entities in which they have an investment. That is a view that I have taken with respect to investment funds, which is that they essentially act on trust for others, either investors or beneficiaries or both. Where those investments are made, therefore, in our view their holdings are often subject to the principles that surround escrow. That to us means that investment funds should invariably exercise a determination to vote their shares in the companies and entities in which they have an investment. That is a view that is very widely held, and there are those, including me I might say, who think that such institutions should vote on all issues and all resolutions.

The key difference between those who believe that institutions should vote is often over the question of mandating. Although I believe that institutions should vote on all resolutions, I recognise that not all institutions have invested in or have the capacity of professional analysis. I think that that is to their discredit because on a cost-saving basis they have often got relatively weak analytical departments and tend to run on a particular assessment rather than holistic assessment. Leaving that observation aside, I have argued through the CLERP 9 process and elsewhere that voting should be mandated
with respect to a number of key and critical issues simply because those shares are held on trust essentially for others, either beneficiaries or investors.

I have limited a motivation for a mandated activity to the three matters which I think are most germane and most pertinent to those with an interest in the corporation or the entity concerned—that is, any resolution which affects the constitution of a company; secondly, any resolution which affects the election of directors, because they are the people who run the company; and, thirdly, matters relating to the remuneration of directors of the company because that overall package is amongst the most controversial of all. We are moving here to require the responsible minister to include in the direction a mandatory requirement for the board or its members when considering a material corporate governance matter in relation to a company to vote on the matters we have outlined there.

Of course I recognise that it is probably within the broadest interpretation of the bill, soon to become an act, I guess, for the minister to indeed make such a determination. But, firstly, there is no guarantee that the minister will, particularly if they have a laissez-faire approach to the market, and, secondly, even if one minister will, there is no guarantee that a future minister would abide by that view if the board came to a different view. I think you are safer to put this into legislation, and that is what I have attempted to do. I can motivate it further if there are questions, but I think the amendment is plain on its face. It has had to be designed rather rapidly. As you are aware, Minister, the report came down last night. There was not a great deal of time to put this together, so my apologies to the chamber for it only being circulated today. I had no option, given the timing.

Senator SHERRY (Tasmania) (4.45 pm)—The Labor Party will be supporting the amendment moved by Senator Murray on this occasion. I know Senator Murray has moved similar types of amendments on other occasions, so it should not be taken as an indication of automatic support for the same, or similar, amendments in other pieces of legislation. One of the interesting aspects of this legislation, which I know the Senate Economics Legislation Committee examined fairly extensively during the inquiry, is the governance arrangements of the Future Fund board, the so-called board of guardians.

That was the main focus of the committee inquiry, because the governance arrangements of the proposed Future Fund are not as were announced as policy by the government in the 2004 election. We were assured of a fully and totally independent board, but the legislation provides for a direction of investment mandate by a collection of ministerial directions which can be made to the board regarding the investment of the funds. So ministers, the Treasurer and the finance minister in this case, have the power to direct. Goodness knows what would happen if we ever had a National Party finance minister. I do not think we are ever likely to—Senator McGauran, perhaps. He can live in hope of a promotion to finance one day. But goodness knows what would happen if we had a National Party minister directing.

Senator Murray—It would be interesting times.

Senator SHERRY—It would be very interesting times indeed with this sort of power. That is clearly not arm's length and totally independent with a general principled investment mandate enshrined in legislation if ministers—in this case, the finance minister and the Treasurer—are given the power of issuing the investment mandate and varying it from time to time. Critically, it is not disallowable by parliament either, so it is even worse.
I have used the trustee analogy time and time again because I believe it is the relevant analogy of comparison. No government in this country has the power to direct, in any way, shape or form, trustees of superannuation funds in this country. It has no power to do so—and it should not. There is a general principle, a prudent-person principle, which is: diversify investment commensurate with safety, effectively treat it as your own money in the sense of investing it safely and securely and in a well-balanced way. I think having the prudent-person test enshrined in law has been one of the great strengths of the Australian trustee system in respect of superannuation governance. We have avoided—and I think it is very important that we avoid, for a whole range of reasons—the potential of any government dabbling in the investment direction of a superannuation fund. What do we get? The one exception to this rule in Australia is to be the Future Fund, which is intended, according to the government’s claims, to pay accrued superannuation liabilities in defined benefit pension funds for public servants.

Why do we have just this one particular body accruing assets subject to ministerial direction? Labor believes that is inappropriate and that it should not be permitted. It was not what was announced in at the 2004 election. Those directions are not even subject to disallowance, so there can no discussion. That confers enormous power of investment direction on those two ministers. That is not a personal critique of Senator Minchin or even the current Treasurer, Mr Costello. I am not particularly reflecting on them as individuals; I do not want to do that. But it confers enormous power on the holders of that office to directly impact on a range of investment decisions in which those moneys are held.

Senator Murray—Not just power; great temptation.

Senator SHERRY—Yes, and great temptation, Senator Murray. I agree with you. The current government may come to regret that power being conferred at some future date. But that is the provision in the bill. That is what will pass this parliament. In those circumstances it raises a number of quite legitimate governance issues. Ministers directly—they may do this directly—or the Future Fund board may be called upon to make a judgment. In those circumstances, the very special and unique circumstances in relation to the Future Fund, this amendment is appropriate—good governance, good corporate governance, and applying the principles that Senator Murray has outlined. I give him full marks for consistency. He has argued this in a range of other areas. Labor believes that the principles that have been outlined in this amendment by Senator Murray deserve support in respect of this particular arrangement.

Senator Minchin, I have to acknowledge, did respond to my question as to where this name ‘guardians’ came from. Apparently, it was the decision of the Treasurer, Mr Costello. I am not quite sure why we have ended up with ‘guardians’—

Senator Minchin—It’s very appropriate.

Senator SHERRY—I am not sure. We had an interesting discussion at Senate estimates about the legal common law meaning of a guardian in the Australian context. I think Senator Brandis referred to one commonly understood definition that a guardian holds a legal power or authority over a minor or a person who is mentally impaired. When I heard the term ‘guardian’, it conjured up visions of Doctor Who. There are episodes of Doctor Who with these horrible creatures—I am not sure what sort of biological or mechanical creature they are—called guardians. Not daleks; guardians. We have this new terminology being brought into Australian
finance governance. They are effectively trustees. We should call a spade a spade and call them trustees. I think this is an invention by an imaginative Treasurer to give it the imprimatur of something different when it clearly is not. It clearly is not different from the role or responsibility of a trustee, and there should not be this potential for ministerial interference on investment mandate.

I was reading an interesting paper on the Central Provident Fund of Singapore, which has been established with a contribution I think around the 40 per cent level. It is a truly massive fund. It is a bit like the Future Fund, only established a lot earlier and a lot bigger. Obviously, it is forced collection of savings meant for the retirement income purposes of Singapore citizens. I do not have any disagreement with that in principle. I will probably get a wrap over the knuckles from the Singapore ambassador about this, but the Singapore government, through its fund—and there is the potential for this in this Future Fund because of the ministerial direction—de facto controls the Singapore economy through the investment mandate. It directs the economy. It directs investment into a whole range of business enterprises that are owned, either outright or partly, and controlled by investment direction by the Singapore government through the Singapore provident fund.

Senator Murray—It’s called the Maxwell principle.

Senator SHERRY—Perhaps. I understand, though, that Singapore is probably the best example anywhere in the world of a command socialist economy. I am not suggesting that Senator Minchin or the current Treasurer would go that far, but there is potential with these directive powers for future ministers or governments to start exercising the sorts of authority of investment decisions. In Singapore, the government can literally turn off investment and redirect the entire economy, and it has done that on occasions in some sectors of the economy of Singapore. Senator Murray, we support your amendment. It is appropriate on this occasion.

I have one question for the minister. He emphasised in his speech on the second reading that the Future Fund would retain all earnings, and he made some criticisms of Labor in this regard. He might give an assurance to the parliament. Will it retain all the earnings when an actuarial surplus has been identified in the fund, if in fact that occurs? I think it is highly likely. If an actuarial surplus is identified in the fund after the actuarial assessment, whenever that occurs, and it shows that it has accrued assets at a greater rate than otherwise projected, will all of the earnings be retained in the fund? That is a question for the minister. I conclude my comments on amendment R(1).

Senator MINCHIN (South Australia—Minister for Finance and Administration) (4.57 pm)—I will respond to the Democrat amendment, and in so doing I will pick up a couple of points made by Senator Sherry. I note his reflections upon Singapore. I will not go down that path for fear, as he said, of offending anybody, but I can assure the Senate that while we, of course, did undertake a study of the Singapore fund, it is not the model upon which this fund is based. New Zealand provides a much better model and the one that ours would be more closely aligned to. I visited New Zealand late last year and had a number of useful meetings with New Zealand officials, including the very capable New Zealand finance minister, to discuss the operation of the New Zealand fund. Without wanting to detract from the initiative taken by Mr Costello, the name ‘guardian’ is in fact the name used by the New Zealand fund. We are very impressed with the way the New Zealand fund operates
and its structure, and we thought therefore that that terminology was more than appropriate for our fund. I will obtain a response to Senator Sherry’s question on the possibility of the fund ending up with more funds than are required to meet its obligations with respect to the superannuation liability.

Senator Sherry seemed to be suggesting that the independence of the board is the vital thing and that it is wrong for us to even have the legislative authority to provide, through the executive, for an investment mandate. On the other hand, he supports the Murray amendment, which is a somewhat interventionist amendment directing by legislation the government to direct the fund as to what it should do in relation to shares that it holds. I find that, at least on the face of it, a somewhat contradictory position.

We have tried to approach this issue quite genuinely and objectively. On the one hand, we very much want this board to be and to be seen to be independent of the government of the day. I therefore take to heart what Senator Sherry has said on this matter. That is critical, and I think we share that objective. On the other hand, we must reflect on the fact that the board will have responsibility for a large amount of taxpayers’ funds. They are not trustees in the traditional sense of the word because it is not, strictly speaking, a superannuation fund; it is an investment fund. It so happens that the government itself will use the fund to meet its obligations with respect to public sector superannuation. But the fund itself is an investment fund, not a superannuation fund.

Given the very significant responsibility which we are entrusting to this board, we believe that it is appropriate to have this obligation on the ministers—the Treasurer and the finance minister—to set the investment mandate. That is something which, by law, we are required to consult with the board on.

If there is any change to the investment mandate, that requires consultation with the board. Something that Mr David Murray—whom we have appointed as chairman and whose appointment has been widely praised—felt strongly about was that the board must be able to publicly state its position with respect to any proposed change to the mandate, that it must be free to publicly express its view and that it should be free to say so if it believes that the government of the day is requiring it to act contrary to its obligations to maximise returns and minimise risk.

We are genuinely attempting to get the balance right. I certainly hope that we will never face the day when a future government seeks to improperly use what we believe is an appropriate authority with regard to the mandate. We have provided in the legislation for the board to be able to have a very public position on that matter, and I believe the court of public opinion would restrain appropriately any government abusing that investment mandate authority. I make the point that we have already said what we propose to be the initial mandate. I think the flavour of our announcement reflects the very broad approach that we are taking to this question. In no way do we seek to interfere with the day-to-day operation of the fund or to direct it unduly.

The four points that comprise the proposed mandate for the initial operation of this board are: that it should seek a long-term benchmark for real rates of return of between 4½ per cent and 5½ per cent, so setting a target return; that the government for its part accepts that there will obviously be some short-term volatility in achieving those longer-term returns; that, subject to those targeted terms, the board should obviously seek to minimise the probability of losses; and, quite properly, that the board should have regard to the impact of its activities on
the reputation of the government of Australia in domestic and international markets. That is clearly a broad but appropriate mandate. The board needs that sort of guidance from the government as to how it should operate but, within that broad framework, it has total independence.

Coming to the specifics of the Murray amendment, by way of introduction to my remarks I say that we are cognisant of the goodwill that Senator Murray brings to this debate with his proper and legitimate concern for good corporate governance. He makes a very constructive contribution to this parliament in his concern for that matter. But we think that in the case of the fund, and reflecting upon the appropriate degree of independence that this board must have and must be seen to have, this amendment just goes too far. It proposes that, by legislation, the parliament should force the government to force this board to vote its shares on all corporate governance issues that come up at AGMs of companies in which this fund is an investor. We do not think that is appropriate.

It is, of course, true—as Senator Sherry noted—that a future government could seek to amend the mandate in the way I have described, by a very public process, to provide that within the mandate from the Treasurer and the finance minister that these matters should be taken account of. But we do not believe it is appropriate to have this as a legislative fiat to force governments to direct the board in this way. It proposes that, by legislation, the parliament should force the government to force this board to vote its shares on all corporate governance issues that come up at AGMs of companies in which this fund is an investor. We do not think that is appropriate.

In terms of our proper regard for the independence of the board and our respect for the board—which I think I can safely assure the Senate will be a very high-quality board—it is inappropriate for the parliament, via this amendment, to force the government to force the board to act in this way. I think it much better that the board be seen to reach its own views on these matters, by virtue of its own cognisance of the importance of corporate governance in its operations, and to come to those decisions of its own accord without having absolutely no choice in the matter as a matter of legislative fiat. Therefore, the government, while respectful of Senator Murray’s intent, does not believe it appropriate that the bill be amended in this fashion.

Senator MURRAY (Western Australia) (5.06 pm)—I will not add to the debate at any length because, on their face, the views of the various participants are clear. But there was a slightly cute point made by the minister in response to Senator Sherry. That was that he thought it passing strange—that is not the phrase he used but my interpretation of it—that Senator Sherry would be concerned about excessive government interference and intervention in the market and, at the same time, be supporting this amendment.

In fact, the bill already requires—and I think properly so—the government to be specific to the board about what it must do. Item 24(1)(a) to (e) does require the board to produce material, policies and an approach which will result in a specific attitude to market performance and behaviour by the fund. But the key point, of course, is that this amendment does not tell the board how to vote. They can vote for or against. It simply says they must vote in these three material matters.

I would buy the minister’s argument a little more if, in fact, the record of investment funds and investment managers was a good one with respect to participation in voting in
company resolutions. But my recall of the data on voting by institutions is that it is the minority and not the majority, and most investment funds and directors have a history of delinquency with respect to exercising their duties in escrow. That is why I have felt obliged to put this amendment forward—because you cannot rely on boards based on their past history and past performance to vote. In my view they should be required to vote because they hold these investments in escrow. However, the minister has made the government’s views clear. I think they are wrong, they think I am wrong and hopefully the board will turn out to be an exemplary board and will always vote in these matters. I do hope that I will have the energy and time—and hopefully Senator Sherry will—to regularly ask the minister questions when they fail to vote in these matters.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.09 pm)—I would like to point out to Senator Murray that of course we would expect that this will be a publicly accountable board and we would expect that it would appear at Senate estimates hearings. Senator Murray and those who succeed him will have the opportunity to question the board on its decisions with respect to those sort of corporate governance matters.

In relation to Senator Sherry’s question, we have mandated in the sense that all earnings would remain in the fund. We think it is important to make that an unqualified requirement of the fund even if, at any point in building up this fund it would suggest that actuarially the reinvestment may take the fund beyond the target required, it will still be the case that there will be this mandated position that all earnings must remain in the fund.

Question negatived.

Senator MURRAY (Western Australia) (5.11 pm)—by leave—I move Democrat amendments (2) and (3) on sheet 4838 revised:

(2) Clause 38, page 25 (line 18), at the end of subclause (2), add “in accordance with sub-section (2A)”.

(3) Clause 38, page 25 (after line 20), after subclause (2), insert:

(2A) The Minister must by writing determine a code of practice for selecting and appointing Board members which sets out general principles on which selection and appointment is to be made, including but not limited to:

(a) merit;
(b) independent scrutiny of appointments;
(c) probity;
(d) openness and transparency.

(2B) After determining a code of practice under subsection (2A), the Minister must publish the code in the Gazette.

(2C) Not later than every fifth anniversary after a code of practice has been determined, the Minister must review the code.

(2D) In reviewing a code of practice, the Minister must invite the public to comment on the code.

(2E) A code of practice determined under subsection (2A) is a legislative instrument for the purposes of the Legislative Instruments Act 2003.

These amendments can be summarised as requiring a code of practice for the appointment of board members. They are in addition to those matters which are already within the bill itself. Item 38 specifies the membership of the board and item 38(3) says:

A person is not eligible for appointment as a Board member unless the responsible Ministers are satisfied that the person has:

(a) substantial experience or expertise; and
(b) professional credibility and significant standing;
in at least one of the following fields:
(c) investing in financial assets;
(d) the management of investments in financial assets;
(e) corporate governance.
That is all very sensible and obviously ministers would not act—well, one would assume that they would not act—entirely on their own.

Senator Sherry—You cannot be sure.

Senator MURRAY—You cannot be sure. One would hope that they would be properly advised and that there would be due diligence in determining these matters. Following the lead of Senator Sherry, without reflecting on the present incumbent, there are other people one can think of who might be less than perfect in the exercise of this duty.

The Democrats and I have persistently and consistently put forward the proposition established on the precedent of the Nolan principles of the United Kingdom, which they abide by, that the minister should determine a code of practice for selecting and appointing board members in terms of merit, independent scrutiny of appointments, probity, openness and transparency set out in the criteria by which the selection and appointment is to be made. In other words, so that it is not a backroom determination which lacks the appropriate accountability and process which we think are required in these matters.

In making these remarks I am fully aware that governments of all persuasions have in the past made some absolutely outstanding appointments to statutory authorities and to various agencies and regulatory bodies in what might be described as a backroom process. But there has also been, in my view, some appalling appointments made which do no credit to the government or the ministers concerned. In making those remarks I make no inference or reflection on anybody who is engaged in this debate. This essentially is an accountability and probity amendment. We have moved it before. No doubt we will have to move it again in the future. We think it is appropriate as a protective prudential mechanism with respect to the proposed appointment of board members to the Future Fund.

Senator SHERRY (Tasmania) (5.15 pm)—I indicate again that, on this occasion, because of the circumstances of the Future Fund legislation that is before us, Labor will be supporting the amendments moved by Senator Murray. Again, this issue has been fairly significantly canvassed at Senate estimates. The approach of the government is business as usual. Despite the fact that the government claims that the Future Fund will be independent and at arm’s length and despite the fact that this fund will ultimately accrue over $100 billion in assets, it is business as usual as far as the government is concerned when it comes to appointments to this board. That is not good enough. We are not dealing here with an everyday statutory authority; this Future Fund will have truly enormous assets under management. It will become very quickly, if not almost immediately, larger than any superannuation fund in the country. The implications of this are very significant, yet the government comes into the other place and says, ‘As far as the selection of board members goes, it is business as usual.’ That is not appropriate in these circumstances.

For those who are not aware of the process, the Minister for Finance and Administration, Senator Minchin, and the Treasurer, Mr Costello, will gather names and will then appoint whomever they like, subject to their decision being ratified by cabinet. They will just appoint whomever they like. That is the way it works at the present time. I am not saying that that is inappropriate in other cir-
cumstances, but Labor argue very strongly that it is very inappropriate in respect of the Future Fund and it is not what the government committed to and promised in the election campaign last year. The closest analogy is superannuation fund practice in this country. At the present time, the prudential regulator, APRA, which this government established, is going through the background of every trustee—the independent guardians, if you like, of superannuation funds in this country—checking them and relicensing superannuation fund trustee boards. Amongst other things, it is applying the fit and proper person test. The government is not even going to apply a fit and proper person test to check the backgrounds of the individuals that it proposes to appoint to the Future Fund board. It will not even go that far.

It seems to me that, if you wanted to look at a model that involves a greater level of both scrutiny and probity in appointment to a body such as this, you would say, ‘All of the applicants will be subject to a background check by APRA, the prudential regulator,’ Let them carry out the check as to whether they are a fit and proper person and the other range of checks that are carried out on trustees. At least ask them to do that, but that is not going to happen. At the end of the day, we are told in estimates that the check will be that as carried out by the Minister for Finance and Administration or the Treasurer and their offices. That is what goes when it comes to the appointment of members to this board. Labor does not believe that that is good enough, given the Future Fund’s massive asset holding and the comparable practice with regard to superannuation trustees, which is the closest comparison and practice in this country.

The minister himself raises the future fund and the guardians in New Zealand. Apparently, New Zealand inspired the Treasurer. It is interesting. In New Zealand, even the New Zealand Labour government recognised that they could not get away with business as usual when it came to board appointments to their future fund over there. It is quite instructive to look at what occurs in New Zealand. I do not necessarily agree with this model, but it is better than business as usual here whereby the minister just ticks the names off in his or her office. Goodness knows what criteria they use. In New Zealand, in appointing members to the future fund board, the minister’s recommendations follow nominations from an independent nominating committee. We have not got that in Australia. On receiving those nominations, the minister must consult with representatives of other political parties in parliament before recommending to the Governor-General who to appoint to the board.

Even New Zealand has departed from the norm when it comes to making appointments to its future fund board, but this government does not. It just wants business as usual. There may be very well qualified people appointed. I will have a look at the names, but we remember Mr Gerard. I do not want to badger the poor fellow, but he had a tax problem with his company apparently in the form of tax havens overseas in a couple of the Caribbean islands. Surprise, surprise! He also donated $1 million to the Liberal Party and ended up on the Reserve Bank board. On that occasion, the Treasurer was responsible. Given the importance of the Future Fund board, the current method of appointment does not pass any reasonable test of any attempt at any level to be independent and at arm’s length and there is no scrutiny of the proposed members of the board.

Senator Minchin can assure us all he likes about how fantastic they will be, and we will look at the names at the time. But even Senator Minchin cannot assure us that there has not been some particular problem in the past. They may not find out about it.
ter’s office just asking through the old boy network of the Liberal Party to do a check on particular individuals is not an effective way to check on their backgrounds.

There are a range of models for appointment that can be looked at. We thought about a number of different models that could be adopted to lift the appointment of board members to the standard which is appropriate. There are a number of different models, but we certainly think the model outlined by Senator Murray and the Democrats in their amendment is a significant improvement on the ‘anything goes’ approach that this government intends to take to the appointment of members to this board.

I think the Treasurer, Mr Costello, is a touch arrogant when it comes to these things. I can remember him when he appointed former senator Senator Short to the Eastern European Bank for Reconstruction and Development very arrogantly rejecting all the names from Treasury and saying, ‘I’ve got the right; I’ll appoint whom I like.’ That was his explanation to the House of Representatives in question time some years ago when asked about that appointment—arrogantly saying, ‘I’ll appoint whom I like.’

Senator Minchin, to give him credit, is a bit smarter than the Treasurer when it comes to these sorts of appointments. I would have thought Senator Minchin could have convinced the Treasurer of the need for a more prudent, rigorous process of board appointments, just on this one government instrumentality. Of all the instrumentalities and boards we have, you would think that the approach to this area could have been the exception to the normal arrogant approach of the Treasurer, Mr Costello, of: ‘I’ll appoint whom I like. Don’t question me.’ That is his attitude when it comes to appointments. But, no, it is going to be business as usual. The Labor Party believe that is inappropriate in this case and we support the Democrat amendments as a consequence.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.24 pm)—I cannot let Senator Sherry’s remarks go without saying that I reject out of hand his use of this chamber to reflect on Mr Robert Gerard. I want to say for the record that Mr Robert Gerard is one of the most outstanding citizens of my state of South Australia, a man highly regarded right across the political and community spectrum who has been a generous benefactor of many organisations. I am actively involved in the Adelaide Zoo. Without Robert Gerard the Adelaide Zoo, the only non-government capital city zoo, would be in extraordinary difficulty. Mr Gerard is an outstanding human being who has broken no law but whose name, as a result of the rigour of the political process in this place, has been besmirched—I think quite unfairly. We wanted a leading manufacturer on the Reserve Bank board and one from a minor state, and that is why he was appointed. I hope that issue will not colour our discussion, which I would hope would be a constructive and sensible one.

Again, I obviously respect the integrity with which Senator Murray brings this proposal to the parliament, but on balance we do not believe it an appropriate amendment to this bill and will not be supporting it. I make the point that we have introduced into the Future Fund legislation a specific clause, 38(3), which puts a legal obligation on the ministers concerned to be satisfied that anybody appointed to this board:

... has substantial experience or expertise, and professional credibility and significant standing in at least one of the following fields:

• investing in financial assets
• the management of investment in financial assets, or
• corporate governance.
We have introduced a particular and additional element into the selection process. Obviously Mr Costello and I are, and I think any future ministers would also be, very conscious of the public profile and significant responsibilities which this board will have. I cannot believe any government of any persuasion would do anything other than apply the most significant due diligence to the appointments to this board.

Indeed, to date we have been working very closely with Mr Murray, whose appointment as chairman, as I say, I think has been widely accepted as very good. I can assure you that Mr Murray will not want to serve with anyone on this board other than those of the highest integrity. He has made that clear to us, and we are working closely with him on formulating appropriate appointments to the board—appointments that will not, obviously, be considered until this legislation is signed into law. We are well down the track of considering appointments, and they are people of very high quality. We are doing this in close consultation with Mr Murray—that is, Mr David Murray. No relation, Senator Murray?

Senator Murray—No relation.

Senator MINCHIN—But he shares your concern for ensuring the highest possible standard of people on this board. We do operate in this country on the basis of ministerial accountability for appointments to boards of this kind. We have introduced the legal obligation for ministers to have regard to certain factors when making these appointments. As I say, this will be one of the most high profile boards imaginable. No government is going to wear the political opprobrium of making a silly or unqualified appointment.

I notice also that the sort of course Senator Murray is proposing is no cure-all for the disease which I think he is considering. I notice that his amendment refers to ensuring that there is some sort of independent scrutiny of appointments. My ever watchful office has drawn to my attention that the Scottish parliament actually has such an arrangement. I have here an article from the Scotsman, ‘Watchdog for quangos filled with Labour supporters’. In Scotland, they do have this mechanism for independent scrutiny.

Senator Sherry—They all vote Labour in Scotland. It’d be a bit hard to find a non-Labour voter in Scotland.

Senator MINCHIN—I think this is of interest in this debate. This report says:

Andy Kerr, the finance minister—of Scotland—announced yesterday that 12 independent assessors had been selected to provide non-party political analysis of all quango appointments. But he immediately faced criticism from opposition parties when it became clear that six of these new assessors—chosen to make sure that quango appointments are not politically motivated—are, in fact, active Labour Party members.

Senator Sherry—Only six? Six out of 12 only?

Senator MINCHIN—Only six out of 12. Amazing, isn’t it? Can you listen to the defence! He thinks it is okay that only six of them are active Labour Party members. It may be true, as Senator Sherry says, that there is a strong Labour vote but I do not think all the voters in Scotland are active Labour Party members.

Senator Sherry—Not all but a very high proportion.

Senator MINCHIN—My point, despite the interjections, is that, even if you were to set up such a mechanism, somebody has to appoint the independent board that is going to scrutinise all these things, and if it is a Scottish Labour government you see the re-
sults you get. So we recognise the potential disease to which Senator Murray refers. We think that that is more than adequately catered for, and the sort of path which he would go down is itself fraught with the risks that Scotland highlights. But I think this very debate does highlight for our government and any future government the considerable care that must be taken and must be seen to be taken in the appointment of board members, and I assure this parliament and the people of Australia that due care will be taken.

Senator MURRAY (Western Australia) (5.31 pm)—Minister, you make a good point, of course. There never has been a net made through which a fish has not been able to swim. I recognise that point, and those who have been watching the British press recently will know that the Prime Minister in waiting, Mr Gordon Brown, is in fact making something of a case for further improvements to the method of appointments, given concern throughout the United Kingdom that it is still not what it should be. But the point is that the British did try to address it. They did create for Westminster a Commissioner for Public Appointments, which was independent. But, coming back to the real nub of the issue: whether you accept this amendment or not—and you choose not to—the next point you made was a really important one; that is, the onus on you in your capacity as Minister for Finance and Administration, or whoever succeeds you, and the Treasurer to ensure that your advisers carefully check the candidates for the board is a vital one.

It is very difficult in any walk of life—as anyone who has ever employed large numbers of people, as I have, would know—to be sure in every instance that those who claim a degree have that degree, that those who claim a particular background have that background or that people have not got an improper connection with tax havens, are not secret inside traders or are not people who have problems with the tax office. If the lessons of politics, life and business are ever to be noted, they are: to take care. The more important the appointment, the more care that must be taken. So although, Minister, you choose to reject this mechanism, which I think is an advance on our existing system, nevertheless I would urge you to check even those who on the face of it might be seen to be absolutely honourable, just to make doubly sure that they are, because of course it will come back and sting you if you do not.

Senator SHERRY (Tasmania) (5.33 pm)—What concerns me about the minister’s approach is that, when we discussed this matter at estimates and I wanted an indication of what the checks— the process that would be undertaken—would be, he said: ‘We’ve got these criteria in the bill.’ That is fine. Labor has no argument about the criteria in the legislation. Presumably their officers will do something. It would be politically smart if they did, certainly if they went a little bit further than they did with the appointment of Mr Gerard.

But let us just take the issue surrounding Mr Gerard. I do not want to overstate it but, at the moment, my understanding, on the government’s argument, is that you could not check the company tax activities of an individual that may be appointed to the Future Fund board. Government does not have the power, on its claims, to do that. I would have thought it would be smart to be able to do that and to have that in the legislation. We do not know whether the minister’s office or officers will check with the Federal Police. We do not know whether they will check with APRA, the regulator of financial institutions in this country. I am sure they have given some consideration to this. I am sure they have asked: ‘What level of checks will we carry out on the background of the peo-
ple?’ I am sure the ministers have thought about how we check on these people.

So why won’t the minister outline whether there will be a Federal Police check, whether there will be a tax office check, including their company activities, or whether there will be a check with APRA? It seems to me that they are first base. If they come from overseas or they have had some overseas financial activity, will there be a check with the overseas financial regulators and authorities? It seems to me that they are all prudent things to do in respect of the background of the individuals for what is a unique and highly responsible institution. But the minister cannot outline what the checks will be other than just saying: ‘Trust us’ and ‘Business as usual. We’ll get an officer and go out and do a bit of a check.’ I think in the case of Mr Gerard it was a check of the newspaper clips. That is not an assurance that we can take at face value and that is not a vetting and checking procedure that Labor believes is appropriate.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.36 pm)—I note what was said and I can assure the Senate that rigorous and appropriate checking of backgrounds will be done, but I do not think we should subject these people to the public circus of sensationalism with regard to the nature of those checks. I think that is inappropriate. I would also just make the point, as it has been drawn to my attention by Senator Sherry’s earlier remarks about APRA and fit and proper person tests, that the government uses a similar process to appoint the employer representatives on the CSS-PSS board. Certainly, in the period of our government, we have made entirely appropriate and sensible appointments—and that is a very good board, one where due care is taken to ensure that it is a responsible and appropriate board. Interestingly, that board has to be licensed by APRA; indeed, the appointment process that we engage in with regard to that board has been accepted by APRA as complying with its requirements for licensing. That is why I do not believe we need to go down this unduly legislative path. The government applies itself diligently to its responsibilities in appointing employer reps for the CSS-PSS board, which has significant responsibilities. In the case of the Future Fund board, we will be taking at the very least the same rigorous approach as we do with the CSS-PSS board.

Senator SHERRY (Tasmania) (5.38 pm)—Can I just clarify that response. Does that mean the minister is actually saying that the government will refer the names to APRA for checking? I was not clear that he was assuring us that that would happen.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.38 pm)—I simply made the point that the CSS-PSS board is a superannuation fund and it has a responsibility for the funds invested by individuals as well as, of course, an overall responsibility. Therefore, it needs to be licensed, and therefore APRA needs to be satisfied with the process of appointments. APRA is about checking the methodologies, the processes and policies, of appointments.

In the case of the Future Fund, it is not, as I said before, a superannuation fund in the same way that the CSS-PSS board is; it is an investment fund. We have charged it with the responsibility to invest wisely and sensibly moneys under its care. The government have separately made the decision that the funds held in that investment fund will be applied by the government as a matter of budgetary outlays to meeting our annual expenses with regard to public sector superannuation. So the two are different in that sense, albeit that, as I was saying, we will apply the same rig-our to the appointment process. But I am not saying—and it will not be the case—that

CHAMBER
APRA will have that degree of involvement in the Future Fund board.

Senator SHERRY (Tasmania) (5.39 pm)—We are in a public debate; we are not in the Senate committee inquiry. We have had at least part of this discussion before. The minister is splitting hairs when he claims that this is employer money to meet employer liabilities to a defined benefit fund debt. That is no different from a private sector defined benefit fund that has both employee contributions and employer contributions to meet the accrued liability of the fund and the moneys that will be paid out. It is absolutely no different. It begs the question, and this has been debated ad infinitum: why is the government actually setting up a separate fund? The money should have gone into the existing superannuation structures.

Minister, you shake your head, but the law of the land requires the employer to place their money in a superannuation fund in the same way as the government is placing its money in the Future Fund. The law of the land requires an employer to place into the superannuation fund their money, held in trust for the employees, alongside the employees’ money. Yet the government has chosen something different.

To come back to my point: given that very close analogy, we see no good reason why there should have been a departure from existing superannuation fund practice in this country. It is not the government’s money, Minister; it is actually the money that is going to belong to the superannuation fund members. It is not their money at the moment, legally, because you choose not to put it in the superannuation fund; you refuse to fund it. So the closest analogy is superannuation fund trustee law. That is what guardians are; they are trustees. And the most appropriate way to carry out at least some of the checks is through APRA. Why have we got APRA scouring and licensing every superannuation fund in the country and going back and checking all the trustees’ backgrounds? Why are they doing it? Exactly the same approach should apply to these so-called guardians, who are no more than superannuation fund trustees.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.42 pm)—I do not want to prolong this debate, but those remarks cannot go uncontested. I have explained ad nauseam, I think, in other forums, particularly estimates, why we are not putting this money into the CSS-PSS structure. I have made that clear. Senator Sherry clearly has still not got his head around what we are doing here. For 100 years, Australian governments have not funded their liabilities to former public servants’ superannuation. What happens is that the money is simply paid out through the budget each year. I think it is currently $7–odd billion, maybe $5 billion; I cannot remember the exact figure off the top of my head. Whatever it is, the reasonably substantial amounts that currently go out each year on public sector superannuation for former public servants come straight off the budget. That has been the case for 100 years.

The Labor Party had 13 years in office to change that if they wanted to. They did not. Indeed, they were not able to because they were in deficit the whole time. They were essentially paying their public sector superannuation liabilities with borrowed money. We are in the much better position of having rescued the fiscal position of this country. We are now in a position where we have effectively paid off general government debt and we are now accumulating surplus funds. At the moment, they are held by the Reserve Bank. We have made the decision that, to the extent that in the near future we will be accumulating additional surplus funds—which is an appropriate consequence of our respon-
possible fiscal policy—there will be, in all likelihood, proceeds of asset sales. These should be invested wisely for the nation’s future.

It so happens that we have made the decision that the best way to use this fund is to relieve the pressure on future budgets, because, as Senator Sherry knows, our Inter-generational report forecast that, without changes to existing policy parameters, the Australian government budget will go into chronic deficit from around the middle of the next decade. We are very conscious of that, and that is one of the reasons this fund has been created. What will happen in 2020 is that governments that succeed us will be in the blessed position of having their budgetary obligation to retired public servants eased by the fact that our government set up this fund. Those budgetary obligations can be met by drawing down on this fund which we are so wisely setting up.

I urge Senator Sherry to get his head around exactly what we are doing here. We are not setting up a superannuation fund per se; we are setting up a mechanism to relieve future governments of what will be a very difficult burden in the future, when they are under enormous fiscal pressure because of the ageing of the population, with respect to the legal obligations to pay superannuation for former public servants.

Senator SHERRY (Tasmania) (5.45 pm)—I have one final point. If we follow the minister’s logic, we will be establishing a future fund to accrue assets to pay our age pension liabilities. That is the logic the minister is advancing—age pension liabilities. I put the question quite bluntly to the minister: is the government proposing to set up a future fund to accrue assets to cover age pension liabilities? I do not know what the current value of them is. It would be interesting to know, actually; I am sure it would be massively greater than the pension liabilities that have accrued in public sector super funds. But, if we follow your logic, Minister, that will be the next step. I would be interested to know whether the government is considering that.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.46 pm)—Before I get to that point—and, again, I do not want a long debate on this—I make the point that the current annual liability is around $4 billion, which has come straight out of the budget. The $7 billion to $8 billion to which I referred is our actuarial estimation of the cost of public sector superannuation in the year 2020. That is my point. This fund will relieve future governments of that substantial burden. But, in drawing up this fund, as in the next few months we will have paid off general government debt—the $96 billion that we inherited—we have looked to other liabilities the government had. We looked to the legal liability we have with respect to superannuation. As I say, that is quite a separate issue to public policy programs, whether they be for Medicare, the age pension, the disability pension or anything else. They are a function of policies determined by governments and approved by parliaments, which of course are subject to the vagaries of national politics.

Future governments, in assessing the capacity of the Australian government to meet the consequences of an ageing population, are going to have to deal with a whole range of policy questions. We have already begun that process. We had a terribly difficult time in this very chamber convincing the Senate that, in order to ease the burden on future governments of the Pharmaceutical Benefits Scheme, increases in the copayment—a copayment introduced by the opposition—were necessary. We have finally achieved that. That will help future governments sustain the Pharmaceutical Benefits Scheme. But this is a separate issue where the government
knows that it has this legal liability. We are establishing an investment fund with the provision that the government should use that fund to ease the burden on the budget of meeting that liability.

Question put:

That the amendments (Senator Murray's) be agreed to.

The committee divided. [5.53 pm]
(The Chairman—Senator JJ Hogg)

Ayes............ 32
Noes............ 34
Majority......... 2

AYES

Allison, L.F. Bartlett, A.J.J.
Brown, B.J. Brown, C.L.
Campbell, G. Carr, K.J.
Conroy, S.M. Crossin, P.M.
Faulkner, J.P. Fielding, S.
Forshaw, M.G. Hogg, J.J.
Hurley, A. Hutchinson, S.P.
Kirk, L. Ludwig, J.W.
Marshall, G. McEwen, A.
McLucas, J.E. Milne, C.
Moore, C. Murray, A.J.M.
Nette, K. O'Brien, K.W.K.
Polley, H. Ray, R.F.
Sherry, N.J. Stephens, U.
Sterle, G. Webber, R. *
Wong, P. Wortley, D.

NOES

Abetz, E. Adams, J.
Barnett, G. Boswell, R.L.D.
Brandis, G.H. Chapman, H.G.P.
Colbeck, R. Eggleston, A. *
Ellison, C.M. Ferguson, A.B.
Ferris, J.M. Fierravanti-Wells, C.
Fifield, M.P. Heffernan, W.
Hill, R.M. Humphries, G.
Johnston, D. Joyce, B.
Kemp, C.R. Lightfoot, P.R.
Macdonald, I. Macdonald, J.A.L.
McGauran, J.J.J. Minchin, N.H.
Nash, F. Parry, S.
Patterson, K.C. Payne, M.A.
Ronaldson, M. Santoro, S.
Scullion, N.G. Troeth, J.M.
Trood, R. Vanstone, A.E.

PAIRS

Bishop, T.M. Campbell, I.G.
Evans, C.V. Watson, J.O.W.
Lundy, K.A. Coonan, H.L.
Siewert, R. Calvert, P.H.
Stott Despoja, N. Mason, B.J.

* denotes teller

Question negatived.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Senator MINCHIN (South Australia—Minister for Finance and Administration) (5.57 pm)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

OFFSHORE PETROLEUM BILL 2005
OFFSHORE PETROLEUM (ANNUAL FEES) BILL 2005
OFFSHORE PETROLEUM (REGISTRATION FEES) BILL 2005
OFFSHORE PETROLEUM (REPEALS AND CONSEQUENTIAL AMENDMENTS) BILL 2005
OFFSHORE PETROLEUM (ROYALTY) BILL 2005

In Committee

Consideration resumed from 27 February.

OFFSHORE PETROLEUM BILL 2005

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—We are dealing with Australian Greens amendments (1) to (3) on sheet 4817, moved by Senator Milne.

Senator MILNE (Tasmania) (5.58 pm)—I want to go over some of the points that I put to Senator Colbeck on behalf of the gov-
ernment last night, and I hope to get a re-
response. When I raised a range of matters, 
Senator Colbeck suggested that the environ-
mental planning mechanisms through the 
environmental plan would somehow suffice.
I have checked on that and I understand that 
the principles of ecologically sustainable 
development are not incorporated in the act.
That is why I have got them as a further 
amendment. My understanding and reading 
is that this act takes precedence over the 
EPBC Act. I asked Senator Colbeck about 
that last night, and I would like some clarity 
in the response, particularly as this amend-
ment relates to marine parks.

The other matter I raised last night, which 
I wish to go over again, is the issue that this 
legislation has within it the basic assumption 
that all areas of ocean, including what are 
called frontier areas of sea, each year are 
reported in the Department of Industry, Tour-
ism and Resources publication and then 
companies are invited to get leases in those 
areas. If it is a frontier area, they get tax 
breaks. Yet there is no process for the com-

munity to look at those areas and make a 
decision that there ought not to be any min-
ing, drilling, seismic testing or whatever in 
those areas. In other words, as I put to you 
last night, this bill makes the assumption that 
all ocean is available for allocation of 
leases—with even some tax breaks—unless 
an environmental plan of some kind prevents 
it.

This is not being done in the context of 
regional marine planning, and it is not being 
done in the context of consultation with other 
agencies. It is a single use assumption that 
oil and gas can go anywhere and that these 
frontier areas, new areas, are available for oil 
and gas companies to apply for leases in the 
absence of a context of regional marine 
planning. I would like the minister to, firstly, 
confirm whether this area of new acreage 
release is as I am suggesting it is and, sec-
ondly, give me an answer about the prece-
dence of this act over environmental legisla-
tion.

Senator COLBECK (Tasmania—
Parliamentary Secretary to the Minister for 
Finance and Administration) (6.01 pm)—
Senator Milne refers to a number of issues 
that were raised last night. I do have some 
information for both Senator Milne and 
Senator Brown, particularly given the unfor-
tunate circumstances that surrounded us not 
having the same copies of the second reading 
speech, which we have fortunately now re-
solved. I will go over some initial points that 
relate to this piece of legislation and then I 
will deal specifically with the issues that 
Senator Milne has just raised. The Offshore 
Petroleum Bill is a rewritten and renamed 
version of the Petroleum (Submerged Lands) 
Act. The bill provides for the grant of explo-
ration permits, retention leases, production 
licences, infrastructure licences, pipeline 
licences and special prospecting authorities 
and access authorities. The management re-
gime for offshore petroleum exploration, 
production, processing and conveyance that 
is proposed by this bill is unchanged in all its 
esential features from what is set out in the 
Petroleum (Submerged Lands) Act.

For every one of these activities author-
ised under the act, an environmental man-
agement plan is required as set out in the 
regulations made under the act—the Petro-
leum (Submerged Lands) (Management of 
Environment) Regulations 1999. We dis-

cussed those last night. The act works in 
concert with the Commonwealth’s overarch-
ing environmental law—the EPBC Act. 
These environmental regulations were de-
veloped and continue to be reviewed separa-
tely to the rewrite exercise of which we are 
speaking today. The key objective of the 
regulations is to ensure that operations are 
carried out in a way that is consistent with 
the principles of ecologically sustainable
development. The amendments proposed by Senators Milne and Brown are primarily to add environmental obligations to the act that, in the government’s view, are not needed as they are handled in the regulations.

I will now go to the questions raised by Senator Milne. Senator Milne is correct in that, annually, potential areas for petroleum exploration are nominated by industry, state governments or Geoscience Australia and, after a process of short-listing, details of the remaining areas are circulated to Commonwealth agencies, including DEH, AFMA, AMSA and Defence, in order to ascertain information on other rights and interests. At the same time, there is a similar consultation process at the state government level, particularly in relation to environment and fishing issues. The state governments also consult with representative bodies in relation to native title interests. As a result of those consultations an area may be modified or withdrawn completely. However, it is more likely that special notices would be prepared to inform potential bidders for an area of issues they will need to address in planning or undertaking exploration activities. The special notices are included in the annual acreage release information pack. After an acreage release is announced by the Minister for Industry, Tourism and Resources, exploration companies have either six months or 12 months, depending on the area, to evaluate existing information on the area and to prepare a bid. Bidding is on a work program basis—in other words, companies bid on the basis of the amount and type of exploration work they are prepared to do in the area over the first three years of any exploration permit granted over the area.

After assessment of bids by the relevant Commonwealth-state-Northern Territory joint authority, the top ranked bidder is made an offer of an exploration permit over the area. The company has one month to consider the offer. If a company accepts an offer, a permit is granted and the work proposed in its original bid becomes an obligation that must be met. However, before any on-site exploration can take place, a specific operational approval is required for each activity, such as a seismic survey or a well. An approved environmental plan pursuant to the management of environment regulations is a prerequisite for obtaining an operational approval. The explorer is also under obligations to meet the requirements of the EPBC Act, particularly in relation to matters of national environmental significance. A circumstance of national environmental significance brings on obligations in relation specifically to other stakeholders.

Specifically in relation to the precedence issue that Senator Milne raised—what has precedence: the EPBC Act or the MOE regulations?—the answer is neither because both have different functions. The management of environment regulations look after the day-to-day management of petroleum activities. The EPBC Act is triggered if an activity has a significant impact on a matter of national environmental significance as defined in the act. The EPBC Act is triggered when an activity takes place in national heritage areas, World Heritage areas, wetlands of international importance, areas where there are threatened species or ecological communities, areas where there are listed migratory species and Commonwealth marine areas.

I will go to a couple of other matters that Senator Brown raised yesterday in relation to a quotation from the second reading speech, including the comment about ‘explicitly requiring consultation with relevant parties before certain adverse decisions are taken’. This was not referring to stakeholder consultation but to a step in the administrative process where the joint authority has to consult with a titleholder before making a decision to either cancel, refuse, renew or termi-
nate a title. Consultation with a titleholder provides the best opportunity for ensuring that the JA process is a correct finding.

The second point was another item in the second reading speech where Senator Brown asked what is meant by the term 'recovering petroleum on an appraisal basis'. When a discovery is made either with an exploration well, the first well drilled into a structure that is found to contain petroleum, or an appraisal well, an additional well drilled into a structure known to contain petroleum in order to determine things such as the size of the reservoir or the properties of a petroleum pool, the titleholders may wish to bring petroleum to the surface to help assess the commercial potential of the field. This recovery of petroleum will help to determine things such as composition and quality of the oil or gas and flow rates through the reservoir, thus giving an indication of possible production rates. The Offshore Petroleum Bill 2005 has merely made express what was previously implied, that a holder of an exploration permit or retention lease is able to drill a well for the purposes of appraisal.

Thirdly, there was a question in relation to the meaning of disapplying the Navigation Act 1912 and Occupational Health and Safety (Maritime Industry) Act 1993. The OH&S (MI) Act when read together with the Navigation Act establishes an occupational health and safety regime for the maritime industry. The machinery amendment disapplying the abovementioned maritime legislation has been made to avoid the duplication of OH&S regimes while the vessel is deemed to be a facility under the OPB for the purposes of schedule 3 of the bill. A facility includes some vessels that would ordinarily be covered by the maritime legislation such as a vessel used for processing, storing and off-loading of petroleum, a drill shop or a pipe-lay barge. Once the vessel ceases to be a facility for the purposes of the OPB, the maritime legislation will apply again immediately.

Senator MILNE (Tasmania) (6.10 pm)— Senator Colbeck has just confirmed everything that I was talking about last night. He has conceded that with acreage release it is a process whereby the assumption is that the ocean is available for oil and gas exploration. Then there is a process of consultation, but the decision to issue a permit or licence is made by the designated authority alone with no reference to other sectors or agencies when that actual decision occurs.

In relation to environmental planning, Senator Colbeck talks about the EPBC Act; however, we all know that if you release an acreage you then put out the licence. What you rely on is the company to refer it to the minister under the EPBC Act, and they are not going to do that in many cases. Even if they do, the minister has total discretion to decide whether the action that is going to be taken in that area is a controlled action or not. If on the off-chance it becomes a controlled action, there has only been one case since the introduction of the EPBC Act where the minister has actually stopped anything. That was not because he wanted to but because the courts had determined that he should and he had to—that was in the case of the bats and the Queensland fruit growers in the wet tropics.

Let us get realistic here about where this fits in the hierarchy of decision making. The petroleum act is pre-empting the marine planning process, and I would like to inform Senator Colbeck what the government had to say when it produced its white paper on marine planning in 2004. It said: Australia’s world-leading program of regional marine planning and management will be brought directly under federal environment law to provide a clearer focus on conservation and sustainable management of the marine environment and offer greater certainty for industry.
I would like Senator Colbeck to explain to me how this rewrite of the petroleum bill fits in with the marine planning process that has been set down in the white paper and which the government brags is going to give a better focus on sustainable management of the marine environment and greater certainty for industry. Why are we having this as a one-user piece of legislation in the absence of this world-leading program of regional marine planning?

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (6.13 pm)—The legislation we are debating is designed to deal with issues in relation to, as I said before, the granting of exploration permits. You missed out in your presentation just then the requirement for management plans in each of those zones that are set up. The bill is not designed to look at those things; it is designed to deal with the issues of exploration permits, retention leases, production licences et cetera and other legislation that the government has, including the EPBC Act. If there were a prospect of any exploration in a marine zone, that would be one of the triggers for the environmental processes and the EPBC Act. It is not designed to be doing the same thing. That is what we are saying and that is why we are saying that the amendments that you are proposing are not required, because they are looking at two completely different things.

Senator MILNE (Tasmania) (6.14 pm)—The minister has missed my point in explaining what is wrong with this legislation. It was designed 40 years ago, when the concept of regional marine planning was unheard of, unthought of, as was the concept of ecologically sustainable development and the concept of the precautionary principle. Forty years ago the legislation made the assumption that the sea was there to be drilled and so on and to go ahead and do it, so the only thing you had to consider in legislation was how to administer the giving of permits et cetera. In fact, the Bills Digest says that the bill is not intended to introduce any major changes, and that is my point. What are we doing, in 2006, just doing a re-edit of a bill which is so wildly outdated in terms of the conceptual framework in which we are working?

The government says, ‘New concept.’ Senator Colbeck, I would really like you to take this in. Regional marine planning is something which people around the world are grappling with. When you look at an area of marine environment, you have to look at ecosystem integrity, fishing, tourism, mineral exploration, mining gas and oil, or whatever else. You have to look at how you manage a regional area of the ocean so that you have these multiple interests taken care of plus the integrity of the environment dealt with. You do not announce that you are going to have a regional planning process for marine areas and then pre-empt that by coming in with an edited rewrite of an act which is based on philosophical assumptions that are outdated and from 40 years ago. That is my problem with this. You are bringing this in and it will become law at the same time as the government is trying to introduce regional marine planning.

What are you going to do then? Will regional marine planning have to be adapted on the basis of what you have already agreed to in this legislation? It is a nonsense. This legislation should be deferred until after the marine planning process and the regulatory and statutory framework are introduced and passed. Then you can fit oil and gas exploration into that context—not pre-empt the process, bring this in and essentially give it precedence. I completely disagree with the minister in his answer about precedence because the act requires that a licence or permit
must be used in a manner that does not interfere with:

... the conservation of the resources of the sea and seabed ... to a greater extent than is necessary for the reasonable exercise of the rights and performance of the duties of the first person.

The first person is the licence or permit holder. That gives precedence to the licence or permit over conservation. That is fundamentally written into this act.

You imagine on one level you are just tinkering around the edges and that is all you are doing; but you are tinkering around the edges of something which is philosophically totally flawed, totally outdated, totally last century. That is why these amendments and the next ones I will move, in relation to ecologically sustainable development, are so essential. The amendments will at least provide for marine protected areas to have this capacity to ban oil and gas exploration because, as it stands, there is nowhere in Australia's territorial waters that the oil and gas explorers and the seismic testers cannot go. This is the issue.

Under the world heritage management plan it is prohibited in certain areas of the Great Barrier Reef. Where management plans exist to exclude them, then they are excluded. That is why these amendments are so important. At least it is a move to get something by way of protection. There will at least be the capacity to have marine protected areas as a place where these activities are prohibited. I would like Senator Colbeck's answer to my questions as to where this legislation fits into the government's regional marine planning process and white paper, to explain how it does not pre-empt that process and how it will fit with regional marine planning, because that is precisely the point that I am making.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (6.20 pm)—Senator Milne, you completely ignore the place of the regulations as part of this process. They were updated in consultation with the environmental movement in December 2005, just very recently. The regional marine planning process deals with the interaction of all ocean users. That is the primary purpose of that process. It is primarily to make ocean users aware of other rights, be they environmental, fishing or petroleum. There are two things that we are dealing with. You have the regulations under which the environmental conditions are dealt with as part of the act, and which were updated, as I said, in 2005, and you have the basic fundamentals of the regional marine planning process.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (6.21 pm)—I will cut directly to the quick. The Greens amendments would prevent mineral exploration and the dangers of oils spills and so on that go with it, and such things as sonar testing, which we know impacts on whales and other marine species, being allowed in marine protected areas. That is what the Greens amendments are saying. Senator Colbeck said that this is handled in the regulations. Could he tell the committee where the regulations say that exploration activities, including the use of drilling, will not be allowed in marine protected areas?

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (6.22 pm)—Senator Brown, that is not what I said. I said that issues that relate to that would be dealt with under the management plan process that comes up either in the marine protected area or for the area that is designated for an exploration licence. Those are the two places where those issues could be dealt with. Each marine protected area has a management plan, as you would obviously be aware, and other environmental issues relating to a li-
censed area would be dealt with in the management plan that is required for each licensed area under the Environment Protection and Biodiversity Conservation Act.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (6.23 pm)—The minister is saying that commercial fishing, for example, is not allowed in marine protected areas, but along comes a multinational oil company and it can stick a drill in there. Before it does that, it can use explosive noise testing, which we know damages both the whole ecosystem in the immediate area and the potential for navigation, for example, of cetaceans—whales and so on. He says that looking after that will be in the regulations. Let me explain to the committee what that means. It means that once this parliament has passed this legislation—and the government has the numbers and the oil corporations know what they are doing; they have fashioned this legislation—out it goes to ensure that they will drill in any marine protected area they want to drill in.

The legislation from an environmental point of view is shown for what it is. It is a farce. So much of the record of the Howard government over the last 10 years is echoed in this legislation. What do you do about the environment? You abrogate the responsibility of this government to look after this nation’s environmental amenity, not least the seas, which are two-thirds of the area that the federal government has aegis over when it comes to the environment. Leave it to the oil companies! In relation to decisions being made by people who are out of reach, as far as the environment movement is concerned, the oil companies will have a field day, and they have had.

I ask the minister whether he could inform the committee when last a major and substantial prosecution was handed down under existing legislation. Under what circumstances would he find this legislation to make any difference at all? What difference would it make? The fact is that, if you are going to have marine protected areas, then you honour those three words. Pivotal is the central word ‘protected’, but this legislation, as so often with this government, abuses Australian English and uses the word ‘protected’ without meaning protected at all. It means that marine protected areas will not be protected from the threats of oil spills, of damage during exploration and of degradation in the years ahead. When there is a commercial impulse, as Senator Milne said, that will always override the environmental one.

We are talking about astonishingly rich marine ecosystems off the Australian coastline which are open to exploitation. This legislation is largely about saying that an environmental regulation will not get in the way. It would have been very simple and beyond such argument as I am putting forward for the minister to come in here with legislation which said that the Environment Protection and Biodiversity Conservation Act rules, with a precautionary principle. Any threat to marine ecosystems is a matter for which the minister must insist on an environmental assessment and make a decision about that. That way there is some public ability to feed into the system. This legislation cuts the public out. The minister says, ‘When it comes to the regulations, we have ticked off with environment groups.’ Really? Is he not saying that there was consultation with environment groups which ultimately made no difference to this legislation? If it did make a difference, can he tell us what that difference is?

I ask the minister whether he would like to go through the exercise of writing to the several environment groups, including the Australian Conservation Foundation, the World Wildlife Fund and the Wilderness Society, and ask, ‘Would you prefer that marine pro-
ected areas are actually protected, or do you think they should be open to drilling for oil?’ We all know the answer that will come back. We know that marine protected areas should be protected, but the power of the oil industry over the Howard government, right up to the Prime Minister, is such that there is no such protection here.

That is what the Greens amendment that we are now dealing with simply says. If you are going to have a marine protected area, protect it. It will be protected. The vast majority of the rest of the oceans is left to the oil drillers, but not marine protected areas. The minister says that World Heritage areas are protected. If you look around, you will find that when we come to marine areas that means the Great Barrier Reef. Premier Joh Bjelke-Petersen wanted to drill into that, though he did not say it to the World Wilderness Conference in Cairns in 1980. He waited until afterwards to let that be known, but public outcry stopped it. The area consequently got World Heritage listing, and there would now be pandemonium if you wanted to drill into that area.

There are other areas in Australia’s marine governance which are astonishingly rich and important. In fact, the hallmark of many of these areas is that we know so little about them. We simply do not. There are new species being found all the time—not one or two but dozens—because the areas have not been adequately looked at. The minister knows that, the government knows that, the marine scientists know that, the environment groups know that and the oil companies know that. And guess who gets control of the system? It is the oil companies. In these marine protected areas, the protection applies to everybody, including Australian commercial fishermen, but not to multinational oil companies. That is what this adds up to. That is where we are going to here, because this government has such an appalling attitude to the environment. It comes right down from the Prime Minister.

Whatever else might be said this week about 10 years of the Howard regime, there is very little to contest the fact that it has been the most negligent prime ministership when it comes to what could have been this nation’s grand environmental heritage in that period. It is not just about the government turning its back on such things as ratifying the Kyoto protocol, protecting species, ending old growth logging in this country and using its powers to prevent broadscale clearance of native vegetation, which harbours so many rare and endangered species. Offshore, when it comes to whaling, there has been a lot from this government through the years. But when this summer it got down to the test of doing something about the Japanese whaling and, at least, sending a ship to surveil them and tell the rest of the world what they were doing, this government sat on its hands. It had more important trade considerations to take up. And that is what is happening here. This is the Howard mantra: never let the environment get in the way of a dollar, particularly when it comes from a multinational corporation.

This legislation is about failing to protect this nation’s marine heritage—even the limited areas that are called ‘marine protected areas’, because the oil drillers will not be stopped from infringing on those areas and drilling for oil. That will be after a process, which can be quite damaging, of assessing the area through exploratory activities. When the minister says, l‘It will be handled in the regulations; that is the protection for these areas,’ that is not acceptable in a parliament which is worth its salt. You do not allow any government—particularly the Howard government, with its environmental record—to say: ‘Trust us. We will write regulations in the future. They are not available to you. We will not bring them out. I cannot tell you
what they are, but they will look after marine protected areas.’

You do not need regulations to look after marine protected areas—you support this Greens proposal that they be protected and that is it. You have no open door for oil exploration and oil drilling, with all the dangers that come with that down the line. You protect the area. Otherwise, call these areas ‘marine areas vulnerable to oil drilling’ and just be honest about it. That is all you have to do. But this is greenwash. It is dishonest towards the Australian public. Calling these areas ‘marine protected areas’ when they are not is deceiving, and deliberately deceiving, the Australian voter, as happens so often with the environment—and not just the environment—under this government.

Senator MILNE (Tasmania) (6.33 pm)—Following on from Senator Brown in relation to the regulations which the minister is touting, it is even more imperative that we pass these amendments because there is no ecosystem based management provided for in the legislation. The areas governed by the legislation are separated along state and territory boundaries. There are no provisions establishing regular reviews of management decisions and risk assessments to reflect new knowledge and understanding. In the regulations which Senator Colbeck talked about, there is a requirement for an environment plan to be submitted whenever a new or modified petroleum activity is proposed by an operator, but the decision whether to issue a permit, lease or licence does not involve collaborative decision making or involvement of those with expertise in ecology. There is also no obligation on the designated authority when assessing environmental plans to consider ecologically sustainable development.

The decision to issue a permit or licence made by the designated authority is made alone, with no reference to other sectors or agencies, and the requirement that operators act in a manner that does not interfere with the conservation of marine resources is qualified by the statement, ‘to a greater extent than is necessary,’ clearly making the environment secondary to the needs of the operator. The references to conservation in the regulations and the legislation refer only to the resources of the sea and the seabed and not to the marine environment as a whole. The regulations, while incorporating more than the legislation does, certainly do not go to the issues I was talking about earlier—namely, the requirement for regional marine planning; the requirement that the designated authority, when assessing environment plans and whether or not to issue a permit, can do so alone; and the clear statement of intent that operators act in a manner that does not interfere with the conservation of marine resources to a greater extent than is necessary.

That is the ‘out’ clause for the industry at every turn. They say, ‘It is necessary for us to interfere with the conservation of marine resources,’ and, therefore, they are allowed to do it. That is the problem. That is why we want a situation in which we can exclude and prohibit oil exploration in marine protected areas. It is tragic that we have a situation where the reference to conservation refers only to the resources of the sea and the seabed and not to the marine environment as a whole. That reflects the thinking of four years ago when people talked not about the marine environment, but just about the resources of the sea and the seabed as if they were simply resources to be taken in the absence of any reference to the national oceans policy and in the absence of any regional marine planning.

That is why I am moving these particular amendments which I think most Australians would welcome, and certainly those in the
fishing industry would welcome because they are constantly frustrated by what they see as an attempt to get the fishing communities out of marine protected areas in order to let the oil and gas explorers in so that they can do whatever they like in relation to their seismic testing and so on, and not have to fight with the fishermen in terms of resource allocation, space and so on. So let us make it a little bit consistent here: let us have marine protected areas in which oil exploration is prohibited.

Question put:

That the amendments (Senator Milne’s) be agreed to.

The committee divided. [6.42 pm]

(The Chairman—Senator JJ Hogg)

Ayes………….. 6
Noes………….. 40
Majority………. 34

AYES
Allison, L.F. Bartlett, A.J.J.
Brown, B.J. Milne, C.
Murray, A.J.M. Nettle, K. *

NOES
Adams, J. Barnett, G.
Brandis, G.H. Calvert, P.H.
Chapman, H.G.P. Colbeck, R.
Crossin, P.M. Eggleston, A.
Faulkner, J.P. Ferguson, A.B.
Fielding, S. Fierravanti-Wells, C.
Fifield, M.P. Hill, R.M.
Hogg, J.J. Hurley, A.
Johnston, D. Joyce, B.
Kirk, L. Lightfoot, P.R.
Ludwig, J.W. Macdonald, J.A.L.
Mason, B.J. McEwen, A.
McGauran, J.J. McLucas, J.E.
Nash, F. O’Brien, K.W.K.
Parry, S. Patterson, K.C.
Payne, M.A. Ray, R.F.
Ronaldson, M. Scullion, N.G. *
Stephens, U. Troeth, J.M.
Trood, R. Watson, J.O.W.
Webber, R. Wortley, D.

* denotes teller

Question negatived.

Senator MILNE (Tasmania) (6.46 pm)—by leave—I move:

(1) Page 2 (after line 12), after clause 2, insert:

2A Object
The object of this Act is to ensure that any offshore activities relating to petroleum exploration, recovery, storage and transport are carried out in a way that is consistent with the principles of ecologically sustainable development, especially in relation to the conservation of marine resources.

(2) Clause 6, page 15 (line 20), after “safe”, insert “and in accordance with the principles of ecologically sustainable development”.

(3) Clause 6, page 19 (after line 12), after the definition of petroleum, insert:

Petroleum activity means operations carried out under a permit, lease, licence, authority or consent under the Act or the regulations and, in particular, any of the following operations:

(a) seismic or other surveys;
(b) drilling;
(c) construction and installation of a facility;
(d) operation of a facility;
(e) significant modification of a facility;
(f) decommissioning, dismantling or removing a facility;
(g) construction and installation of a pipeline;
(h) operation of a pipeline;
(i) significant modification of a pipeline;
(j) decommissioning, dismantling or removing a pipeline;
(k) storage, processing or transport of petroleum;

(4) Clause 6, page 19 (after line 32), after the definition of pipeline provisions, insert:
principles of ecologically sustainable development means but is not limited to the following:

(a) decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations;

(b) if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;

(c) the principle of inter-generational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;

(d) the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making;

(e) improved valuation, pricing and incentive mechanisms should be promoted.

(5) Page 251 (after line 7), after clause 243, insert:

243A Approved environment plan required for a petroleum activity

(1) A person must not carry out a petroleum activity unless there is an environment plan approved by the designated authority in force for the activity.

Penalty: 100 penalty units.

(2) The contents of an environment plan must be in accordance with the regulations.

(6) Page 251 (after line 7), after clause 243, insert:

243B Activities must comply with approved environment plan

A person carrying out a petroleum activity for which there is an approved environment plan in force must not carry out the activity in a way that is contrary to the environment plan.

Penalty: 100 penalty units.

(7) Page 251 (after line 7), after clause 243, insert:

243C Operations must not continue where new environmental risk identified

A person carrying out a petroleum activity for which there is an approved environment plan must not carry out the activity after the identification of:

(a) any significant new environmental effect or risk; or

(b) a significant increase in an existing environmental effect or risk arising from the activity;

unless the new or increased effect or risk is provided for in the environment plan.

Penalty: 100 penalty units.

Interestingly, we have a 600-page act which has no object. It is unbelievable! I thought I would assist the Senate by providing an object for this act. I move that the object of this act be to ensure that any offshore activities relating to petroleum exploration, recovery, storage and transport are carried out in a way that is consistent with the principles of ecologically sustainable development, especially in relation to the conservation of marine resources. I cannot see that there could be any objection to that, because I then go on to define what the principles of ecologically sustainable development are. Furthermore—and I will get to this in a minute—I move for the incorporation of the precautionary principle.

The reason I argue that it is essential that we put in an object and a definition of ecologically sustainable development is that the subordinate regulations do provide specifically for ecologically sustainable development but this is not provided for in the act, and it ought to be. The reason that it ought to be in the act is that, at the moment, whereas the regulations state that the object is to en-
sure that any petroleum activity in an adjacent area is carried out in a way that is consistent with the principles of ecologically sustainable development, there is absolutely no obligation on the designated authority when assessing environmental plans to consider ecologically sustainable development. There is no point in having it in the regulations if there is no obligation on the designated authority when you are assessing the environment plans to consider ecologically sustainable development, so let us put it in the act as well as in the regulations. I think that it is imperative that we move to do that.

Secondly, with regard to the precautionary principle, I would like some clarification from Senator Colbeck. I said yesterday that, when a permit or licence is given, a company can potentially hold it for 26 years. That is as I see it, and I would like some clarification as to whether that is the case. I will explain the logic for that. If an exploration permit lasts six years and a renewal of an exploration permit lasts for another five years, with the option for a retention lease for another 15 years if the area is not economically viable in current circumstances, it does seem possible for a company to have a commercial interest in an area for up to 26 years before production occurs.

Progress reported.

**DOCUMENTS**

*The DEPUTY PRESIDENT—Order! It being 6.50 pm, the Senate will proceed to the consideration of government documents.*

**Aboriginal and Torres Strait Islander Social Justice Commissioner**

*Senator CROSSIN (Northern Territory) (6.52 pm)—I move:*

That the Senate take note of the document.

There is always one point in the year that is a watershed for people interested in Indigenous issues in this country. That is, of course, the annual tabling of the report from the Aboriginal and Torres Strait Islander Social Justice Commissioner. That report was tabled a number of weeks ago and is now formally being presented to the Senate. Those people who have an interest in Indigenous affairs, including people in the Public Service, politicians and academics, really value the work that is put into this document by Tom Calma, the Social Justice Commissioner, and his team at the Human Rights and Equal Opportunity Commission. I think the document this year is one of the most outstanding contributions that Tom Calma and HREOC have made to the issues confronting Indigenous Australians at this time. It is extremely comprehensive and extremely well researched and presented.

This year it goes to two main issues facing Indigenous Australians. It goes to their health status and it makes substantial comment about the new arrangements Indigenous Australians have faced since the demise of ATSIC and the introduction of the new whole-of-government idea of shared responsibility agreements. The commissioner makes a number of interesting but very profound statements. In talking about the health of Indigenous nations, he says:

... we must remember that we are a wealthy nation. It is not credible to suggest that one of the wealthiest nations in the world cannot solve a health crisis affecting less than 3% of its citizens. Research suggests that addressing Aboriginal and Torres Strait Islander health inequality will involve no more than a 1% per annum increase in total health expenditure in Australia over the next ten years. If this funding is committed, then the expenditure required is then likely to decline thereafter.

How salient a point is that? We are one of the wealthiest nations in this world and yet the health of our Indigenous people is significantly poor, and the outcomes have not improved in decades. The Social Justice Com-
missioner outlines a 25-year plan to address the health of our Indigenous Australians. I sincerely hope that this government looks at this report and puts some long and hard thought into the credibility of adopting such a plan.

The commissioner raises a number of issues in relation to the three main failings in the approach of Australian governments to date. He does label state and territory governments in this, but of course we know that additional money is spent by the federal government in Indigenous health. I think is fair to say that there ought to be a 20- to 30-year vision for Aboriginal and Torres Strait Islander Australia. The framework in this report sets that out, and it at least provides some sort of answer and some kind of guidance as to ways in which we might tackle this problem in this country.

In the second part of the report he makes substantial comment about the new introduction of shared responsibility agreements. He highlights the problems with the coordination, effectiveness of service delivery and the introduction of SRAs. I think his comments are extremely accurate. There are no suitable benchmarks in the introduction of SRAs, no rigorous time lines are put in place to meet improved health standards, there is a substantial lack of investment in a coordinated national strategy and there is certainly a lack of practical and adequately financed programs. This report is well worth a read. It makes a number of very critical comments about the inadequacies of shared responsibility agreements and outlines some major concerns about how they are not addressing the human rights needs and the emotional and social needs of Indigenous Australians. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Consideration

The following government documents were considered:

Migration Act 1958—Section 486O—Assessment of appropriateness of detention arrangements—Government response to the Commonwealth Ombudsman’s reports 003/05 to 013/05 and 015/05, 7 February 2006. Motion to take note of document moved by Senator Stephens. Debate adjourned till Thursday at general business, Senator Stephens in continuation.


Tuesday, 28 February 2006


Indigenous Land Corporation—Report for 2004-05. Motion to take note of document moved by Senator Stephens. Debate ad-
Adjourned till Thursday at general business, Senator Stephens in continuation.  


General business orders of the day nos 27 and 28 relating to government documents were called on but no motion was moved.  

ADJOURNMENT  

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

That the Senate do now adjourn.  

Iraq  

Senator FERRIS (South Australia) (6.59 pm)—This morning I returned from Iraq with the Deputy Prime Minister, Mark Vaile. We met with senior members of the Iraqi government on behalf of Australian wheat growers. We wanted to assure the administration that our growers are still very keen to supply their important market. The accusations that have been levelled at the Australian government by the opposition today are tragically ill-informed, and the claims that have been made about jeopardising Australia’s wheat exports to Iraq are ill-founded, to say the least, and unhelpful to our prospects of re-establishing this very important market.  

The Australian government would never undermine Australian wheat farmers. We will continue to work very closely with the Iraqi government to ensure that our farmers do regain access to this important market and, in fact, to all world markets. Iraq has been a strong trading partner for Australian wheat farmers for 58 years, with exports to the Middle East nation growing to over 14 per cent of total wheat exports in 1989-90. This strong trade has continued over the past 15 years with up to 15.6 per cent of total Australian wheat exports being sent to Iraq each year. In fact, the Australian wheat trade with Iraq has a very proud history, with Iraq qualifying as one of Australia’s top five wheat export markets for the first time in 1970, during which 472,000 tonnes of wheat was exported, which represented about five per cent of total Australian wheat exports for that year.  

Our world wheat trade, including to Iraq, is absolutely crucial to Australian farmers and growers, especially those from my home state of South Australia. While South Australia is the third-largest wheat producing state behind Western Australia and New South Wales, it is the second-largest wheat exporter after Western Australia. For the three years to 2004-05, wheat accounted for five per cent of South Australia’s merchandise exports, although this figure was significantly affected by the low level of exports in 2004-05. In both 2003 and 2004, wheat actually represented nine per cent of South Australia’s exports. In 2005, Australia’s wheat ex-
ports to Iraq were second only to wheat exports to Indonesia: 8.9 per cent of all Australia’s wheat exports went to Iraq.

It is not just wheat exports that the Australian government will look at for the future when we are talking to senior representatives of this country. For example, Iraq is a country which uses a lot of irrigation from both the Tigris and the Euphrates rivers. It was interesting to see that they are having salinity and drainage problems not dissimilar to ours. There will be great opportunities in the future for us to assist that country with agricultural technology. In fact, Deputy Prime Minister Chalabi sought to assure us that, when the time is right and that technology is required, Australia will be among those with a favoured nation status. Australia’s expertise in drainage and irrigation, along with a range of other agricultural technologies, will be very important to this country as it seeks to regain its place in the world as one of the wealthier countries of the Middle East.

As I noted earlier today, both Deputy Prime Minister Chalabi and Trade Minister Mawlud told Mr Vaile and me that it was well understood in Iraq that Australia’s wheat was of a very high quality and was much sought after by the community for their baking purposes. Australian wheat growers should be pleased and reassured that their grain comes with such a high recommendation. Also, Australia’s military and humanitarian assistance provided to the Iraqi people will, Mr Chalabi assured us, be recognised in future trade opportunities and, as I said, in the technology transfers that will become available. In fact, Australian growers can be optimistic that they will be included in future contracts, with Deputy Prime Minister Chalabi saying that Australia’s loyalty to Iraq will be remembered and recognised.

Our first meeting on Sunday in Iraq was with the Prime Minister, Mr Jaafari, a man who has now been part of three Iraqi administrations. Mr Jaafari expressed his appreciation that the Australian government had taken the time to travel to meet face to face with such senior members of the government. To travel for four days to spend one day in Baghdad is a significant exercise and one involving a great deal of security, something which was well understood by the Prime Minister and his deputy, Mr Chalabi. Mr Jaafari spoke very warmly of the relationship between our two countries and, in particular, with our Prime Minister, Mr Howard, whom he has met twice: once in Baghdad during Mr Howard’s visit and once in New York. He declared Australia to be a very good friend of Iraq.

Mr Chalabi, prior to his time as a senior minister, was a resistance leader and in an earlier life was, in fact, a maths professor at an American university in Beirut. He is a very personable character. He has a keen interest in international affairs and is very well briefed on Australia. In fact, he was particularly well briefed on the details of the Cole inquiry. It was surprising to travel so far to meet with somebody who knew so much about the detail and the evidence that has come before the inquiry. I have to say that he was very firm on behalf of the Iraqi government in making it extremely clear that in the short term the government had no plans to deal with the Australian Wheat Board. He did, however, differentiate, thankfully, the quality of the product, the consistency of supply and the loyalty to Iraq from the supplier, AWB. I am very optimistic, and growers in Australia, particularly in my state of South Australia, can be reassured, that those criteria—the loyalty, the quality and the consistency over 58 years—will be taken into account when future contracts are determined.

I wanted also to thank very much the members of the Kansas National Guard who
managed Saddam Hussein’s former palace, which had been turned into accommodation quarters for us to stay in. I must say it was the first time I had stayed in such a sumptuous hotel room, with gold furniture. It was more like the Palace of Versailles than a hotel in the Middle East. It was also the first time I slept in a room where the windows were totally sandbagged—quite a chilling experience.

I would also like to thank the members of the Australian and United States defence forces who provided transport, security and advice to the delegation. These people, particularly our own people in Iraq, have such dedication. We met with a group of them: enthusiastic, fit young Australian men and women who are doing their bit for their country, so far away from home. I met with a woman from Newcastle who, after six months, was looking forward to going home yesterday. She told me that life in Iraq is tough, particularly when it is 50 degrees, but never once did she flinch from the opportunity. She loved the experience and she valued her opportunity to serve her country. There were so many of those people; it made you feel really proud to be an Australian.

Finally, can I thank the Prime Minister for giving me the opportunity to take part in this delegation to represent Australian wheat growers and work towards gaining new contracts for their product. I would just like to assure them that Australia is on the map in Iraq and I am very optimistic that before long our trade will be resumed in this very important market.

The Coodabeen Champions

Senator MOORE (Queensland) (7.08 pm)—Last Sunday evening when I came back to Canberra, I was lucky enough to attend a live broadcast by the ABC local radio network at our National Museum in Canberra. The performance was by a group known as the Coodabeen Champions. This group of men has been performing on our local radio network for almost 25 years now, and I am publicly announcing myself as a fan of theirs. It was a wonderful experience, after listening to them across Australia over the last few years—too few years!—to actually see them perform live and to get to meet a couple of them. At the end of their performance, I gave them a bit of a commitment that I would manage to make some kind of speech in the Senate about them.

I went to their website to find out more, even though I feel that in many ways this group of guys are my friends: I have been listening to them for so long. I have heard so much about their families, I have argued with them on the radio, I have found myself responding to their humour. So I turned to their website, using the wonderful ABC website, to find out a little bit about their history because, whilst I felt I knew what they did, I thought it would be good to find out where they came from. Their website told me that their Coodabeen magic began on Anzac Day 1981, when Jeff Richardson, who is still a member of the Coodabeen Champions, and his mate Simon Whelan, who was a member—and I do miss Simon’s dulcet tones—were walking across to the MCG, probably to a match of some kind, and were talking about the kind of football commentary that was on the radio. Being very knowledgeable blokes, they felt that they could do commentary that was better, more focused and more ‘real’ for the community. Out of this discussion came a group that has now entertained many Australians. The core of their humour is that you feel like you are sitting around having a chat.

As I have mentioned before in this place, I come from a country family where my dad had no sons so I have inherited his overwhelming passion for football and cricket. I have personally shared this particular passion
with the Coodabeens on the radio for many years. Because of the way the ABC operates in our country, this particular passion has been able to be shared, Senator Santoro, across all of Queensland. I well remember working in Brisbane in the Public Service, listening to 612 4QR on a Sunday evening and laughing quite loudly about different songs that were made up, such as *Ooh Aah Glen McGrath*, celebrating the speed bowling abilities of our national pace bowler. There were many comments also about other legendary cricketers of Australia. Who can forget their comments about David Boon—their respect for his leadership and his fine figure, as well as his batting ability? At exactly the same time, friends of mine in Townsville were listening to the same program and were able to interact there and then call me up and laugh about what was going on.

When I transferred to North Queensland with the Public Service, I used to do a lot of driving on Sunday evenings, going between regional centres. Once again I was able to listen to the Coodabeens on 630AM Townsville. As I was driving north to Cairns, I was able to pick up the broadcast on 95.5FM. As I was saying to the guys from the Coodabeen Champions the other night, one of my clearest memories is driving from Rockhampton to Townsville one Sunday evening, in the dark, and laughing out loud in the vehicle over stories that the guys were telling about their various experiences at debutante—and they pronounced it ‘debutante’—balls in the regional countryside in Victoria. The immediacy of the shared experience, their ability to hit on something that we can mutually enjoy, is I think one of the very important parts of their humour.

At the moment, the Coodabeen Champions—they have returned to the ABC on Sunday evenings—are Jeff Richardson; Ian Cover, who spent a period in what he described as ‘the blue team’ in the Victorian parliament; Billy Baxter, one of the relatively new members; and Greg Champion. These guys have their own friendship and their own way of interacting, but I think the reason they can list so many Australians across the country as more than just fans—because ‘fans’ intimates a passive relationship—is that the experience that they provide is much more interactive and people feel as though they know them. People actually contact them, and a regular component of the Sunday evening program is the emails going backwards and forwards. There are various spot quizzes where people talk about musical interludes, not just the ones that people are really fond of but also, much more often—and I think it is something about the Australian sense of humour—people write in or email or whatever to talk about their least favourite, most horrible music experiences. Somehow we all have those moments, and once again that particular kind of interaction occurs.

When I was in Rockhampton, once again in my period working in the Public Service, I listened to 837 Rockhampton, which is one of my favourite ABC stations. Those people who have been lucky enough to go to that beautiful part of Queensland will know that the ABC station in Rockhampton is a heritage building and it has been fully restored as the ABC studio in Central Queensland. A good friend of mine, Ross Quinn, was the long-term manager of that station. He retired only last year, after a very long career with the ABC. When I have visited Rockhampton at different times as a public servant, then with my work with the CPSU—the union that looks after the Public Service—and subsequently in this job, it has always been a pleasure for me to go in and visit the ABC staffers at Rockhampton. Sometimes we would have a talk on air, sometimes not. But very often we would exchange experiences,
talking about different programs on the ABC that we had enjoyed and sometimes about programs that we had not enjoyed as much. But, pretty regularly, we would talk about an episode or an experience that had happened on the Coodabeens the previous week or even several years earlier that we had both enjoyed.

I am using the experience of the Coodabeen Champions as an example of the wonderful value of the ABC local radio network across our country. It provides such an amazing linkage for so many of us and a shared experience that we can discuss. We have an ability to link that I think has been provided by the amazing services of the ABC. Now, across Australia, there are over 352 locally managed stations. I know I sound a little bit like an advertisement—which of course we cannot use in terms of the ABC. But, in terms of our lives, growing up in various parts of Australia, everybody sitting in this chamber must have some ABC memories.

When we were discussing the future of radio in our country—and this comes up—we were also talking about the way the medium has changed. Now, not only are people able to listen to the radio in the car or at home but there is the interactive ability of the internet. There is something that I do not use but that my nieces and nephews talk about all the time: podcasting. I know the Coodabeens use this process, but for me it always sounds much more like an insect than something you could actually use! However, I know it is popular and I know it is something people are continuing to use now.

I believe that the role of our radio network is something of which we can all be proud. I genuinely enjoyed my experience on Sunday night when I was able to see the people I had shared so many hours with over almost 20 years of listening—not all the time; it was not something you had to do every Sunday night, but somehow you picked up the conversations. You might not listen for several weeks but then you would be somewhere and hear their voices and you would flow right into the experience.

I hope that people across our country will continue to value this kind of experience. I am a fan, as you would have picked up from this—although not as much as one of the women who was attending that live broadcast on Sunday night. She had tattooed the theme of the Coodabeen Champions on her arm. The theme of their show is: ‘You’re only young once, but anyone can be immature.’ That lady was describing to all of us—those of us in the studio and also those many listeners across the country—how important this particular motto was to her, how it gave her strength and also how proud her decision to have that tattoo made her family. I am a fan, I will continue to be so and I hope everybody else listens in from time to time.

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Thank you, Senator Moore. May I take the gap between contributions that members are making tonight to wish you a very happy birthday.

Wheat Exports

Senator NASH (New South Wales) (7.19 pm)—Happy birthday, Senator Moore! As I rise here tonight, grain growers across the country are working on their cropping strategy for the coming year. They are working out how rising fertiliser prices—up $100 a tonne on the last year—and fuel price hikes from around 90c to $1.40 a litre will impact on their business. They are praying for favourable rains after years and years of drought. They are getting prepared for the coming season. They are some of the people that I represent.

Today marks the 30th day of hearings for the Cole inquiry. Since the Cole inquiry started its public hearings on 16 January this
year, barely a day has passed when the media and political spotlight has not been on the AWB, the single desk and the Howard-Vaile government. I have to say I am bitterly disappointed at some of the hysteria, political point scoring and misinformation that has been whipped up by some. Australian wheat farmers are already suffering from the impact of drought and low prices. This sort of ongoing commentary does nothing to help them, and the attitude of the ALP does nothing to help them.

Senator Conroy interjecting—

Senator NASH—Perhaps if Senator Conroy remained silent for a moment he might learn something, particularly when he is seeing most of rural Australia from his Melbourne office. We all need to take a long, deep breath and await the findings of the Cole inquiry. This inquiry has been given all the powers it needs to get to the bottom of the issue.

I want to stress a very important point: the single desk is not on trial. It makes me very cranky to see some people deliberately attempting to link the Cole inquiry and Australia’s wheat single-desk export marketing system. The Cole inquiry and the principle of the single desk are two entirely separate issues. The single desk is not an Australian company; it is the vehicle for this nation’s wheat export arrangements, arrangements that have been in place for decades and that have brought great benefits to our Australian farmers. I find it quite unbelievable that there are those who seek to attack the Deputy Prime Minister and Leader of The Nationals, Mark Vaile. Yesterday, the Leader of the Opposition, Kim Beazley, claimed that Mark Vaile headed off to Iraq to avoid accountability in the parliament. What a ridiculous statement. It is so wide of the mark it is ridiculous. Do the Leader of the Opposition and his frontbench—and even those on the other side in this place—seriously believe that Minister Vaile would head off to a war-torn country simply to avoid some questions from the Australian Labor Party? I don’t think so! And that remark was from a man who claims to be the alternative leader of this nation.

The Grains Council chief, David Ginns, said that Mr Vaile was being unfairly criticised. He said: ‘People are assuming we’ve lost something, but we didn’t. He should be applauded for putting himself in the firing line for Australian farmers.’ Those are not my words; they are the words of the Grains Council of Australia—a body that has got a lot more knowledge about wheat exports than Kim Beazley—

The ACTING DEPUTY PRESIDENT—Mr Beazley, Senator.

Senator NASH—Sorry—Mr Beazley and most his frontbench would have between them. I say to those people who seek to attack Mr Vaile: play the ball and not the man. As long as this nation’s growers operate in a distorted global wheat market and the majority of Australian wheat growers want the single desk arrangements to remain, The Nationals will fight to retain the single desk.

Australian grain growers are competing against distorted world markets right across the world. Our wheat growers are not playing on a level playing field. We need to remember that US and EU farmers alone receive around a billion dollars in farm subsidies every day. The single desk allows our grain growers to compete with international
providers. I am advised that Econtech, who are respected economic modellers, have calculated that the average premium achieved as a result of having a single wheat desk is $13 a tonne.

Australia’s wheat industry employs more than 150,000 people in rural Australia, and the single desk arrangements deliver almost 2,000 jobs in rural Australia alone. Approximately 45,000 non-farm business enterprises in rural Australia rely on the profitability of the wheat industry. Every day, wheat growers tell me and colleagues in The Nationals to save the single desk. Last week, more than 700 wheat growers rallied at Warracknabeal to send a clear message: save the single desk. Two quotes from the media reporting on that meeting stuck out for me. Firstly, ‘Every time Beazley opens his damn mouth, we lose another couple of hundred thousand dollars’ and, secondly, ‘Bracks should tell Rudd to pull his head in and stop doing the American grain growers’ dirty work.’ Those are not my words but the words of angry, distressed farmers who are just trying to make a living. Their message to Labor is clear: hands off the single desk.

Last Thursday, the Land newspaper, the paper that New South Wales farmers turn to every Thursday for the latest ag industry news, published the findings of a Rural Press nationwide survey of wheat growers. The results were overwhelmingly in favour of the single desk. Seventy-three per cent of Australian grain growers still support the single desk for wheat exports; almost 70 per cent of them think that AWB has been unduly victimised compared with other international companies named in the oil for food scandal; and 69 per cent of growers support AWB maintaining its role as the wheat export single desk manager. This is a survey that was taken within the last couple of weeks and accurately reflects the feelings of those growers. As I travel across New South Wales, the message is still the same: those growers want the single desk to stay.

This Friday, around 1,000 wheat growers are expected to gather at the Parkes racecourse to send the same message: they want the single desk to stay. But I ask where Labor are on the single desk. I suppose it depends on who you ask. Had we asked Labor’s current shadow minister for trade, Mr Rudd, last week, his answer was:

We need to consider it on its business and economic merits. This requires thorough consultation with the wheat industry. My colleague Gavin O’Connor is currently engaged in those consultations and we won’t be making any premature policy announcement on that until those consultations are concluded.

Labor’s shadow minister for revenue, small business and competition, Mr Fitzgibbon, recently described the single desk as ‘an anachronistic wheat marketing monopoly which has been selling Australian farmers short.’ Then last week, after what must have been a very thorough consultation with some 30 growers in Wagga Wagga, Mr Rudd declared that Labor would support the single desk.

Labor claim that they act in the interests of wheat growers, and they certainly seem to feign sympathy for wheat growers. But, given those two quotes, I wonder where they are on all of this. There certainly does not seem to be any kind of position. If attacking the single desk is Labor’s idea of support for the single desk, then I think that is very sad for Australian farmers.

Senator Conroy—That was Wilson Tuckey!

The ACTING DEPUTY PRESIDENT—If you must interject, Senator Conroy, it is ‘Mr Tuckey’.

Senator Nash—I ask the Labor Party to come out and give a very clear view on their position on the single desk.
Senator Conroy—What is Mr Tuckey’s view?

Senator NASH—If Senator Conroy were speaking, I would do him the courtesy of listening to him in silence. The Nationals will continue to do what the Australian wheat growers ask us to do. The majority of those growers are saying to us that they want the single desk marketing arrangements for wheat to stay. While ever the majority of those farmers are saying that to us, while ever our wheat farmers are competing against distorted world markets, then The Nationals will continue to fight to make sure that we keep that single desk.

Volunteering

Senator CAROL BROWN (Tasmania) (7.28 pm)—I rise tonight to talk about the generosity of spirit and community mindedness that characterises this country. I am talking about volunteering: a vital thread of the fabric that makes up our society. It is the backbone of community initiatives and sporting, arts and community organisations and it is a great vehicle for social involvement and engagement in Australia. Each year more than 4.4 million Australians donate their time on a voluntary basis to their communities. In 2005 alone, Australian volunteers provided 830 million hours of service in areas as diverse as arts, cultural, educational, environmental, health support, emergency service, sporting and humanitarian or animal welfare organisations. Beyond this, estimates suggest that volunteering contributes around $42 billion a year to the Australian economy.

In my home state, statistics show that 34 per cent of adult Tasmanians contribute, on average, two hours a week as volunteers. That translates into well over 100,000 Tasmanian volunteers and around 11 million hours of voluntary work in Tasmania each year. One great example of this effort is the valuable work done by volunteers involved with the Hobart Cat Centre. The Hobart Cat Centre was established in 1974 by Florence Robson, who herself was a great volunteer. She began the centre off her own bat with no government support. She did it simply because she cared about the fate of Hobart’s unwanted cats and kittens. On her death Florence Robson even bequeathed her home to the centre so that the volunteers could continue her work. Today the centre has grown to capacity and will soon relocate from Robson’s old home to a new state-of-the-art facility, which will be built largely through volunteer efforts. The land for the facility has been negotiated by the hardworking president and committee of the Cat Centre board, both of which volunteer valuable time to lobby and organise on behalf of the centre.

The centre also runs extensive education programs in the community which are designed to promote responsible cat ownership, including desexing and microchipping. These programs are largely delivered on a voluntary basis. On top of these activities, the centre has established two successful second-hand shops in the greater Hobart community. Each of the shops provide vital funds for the ongoing work of the centre and each of the shops—one in Glenorchy and one in Blackmans Bay—is staffed by volunteers.

Volunteers are central to the work of the Hobart Cat Centre. Without them it could not undertake its work. Because of volunteers, the centre has dealt with more than 100,000 cats over the years, finding a home for as many as it could. The Cat Centre’s typical volunteers range from young students who volunteer their time to help clean out cages, feed cats or even just to provide attention and human contact for the animals to hardworking executives who oversee the day-to-day running of the centre in their spare time. That is the beauty of volunteering. It pro-
vides an outlet outside of work or study that allows you to use your skills to benefit others. What is even better is that this can be done in an environment where the aim is the benefit of others, not just commercial gain, and anyone can help out.

Volunteering can also make major events happen. There is no better example of this than the Melbourne 2006 Commonwealth Games, which begin in a few short weeks. This massive event will feature 4,500 athletes, around a million spectators and close to a billion television viewers worldwide. While there have been some recent media reports concerning volunteer attrition at the games, it is expected that around 15,000 volunteers will support the 12-day festival of sport that is Melbourne 2006. And it is not easy work either. A normal volunteer day is expected to be at least eight to 10 hours, and each volunteer has committed to provide up to 100 hours of service. The simple fact is that, without the efforts of these volunteers in marshalling, transport, media liaison, first aid and other areas, the games would not be possible. In total, the Commonwealth Games are offering 400 different types of volunteer options at more than 80 venues across Victoria. And the volunteers filling these places are not just Victorians; they come from right around the country, including Tasmania. It is a great display of a national spirit of service.

I think all senators in this place would support me in saying that we should all do our bit to continue the growth and development of a volunteering culture in this country. Volunteering provides a means to ensure the survival of many organisations and services that could not survive in the world of commerce and the market alone. It enriches the lives of those involved and provides new skills and training opportunities to volunteers. It is also a great social outlet. The 2006 National Volunteer Week runs from 15 to 21 May. The theme this year is ‘Change your world. Start now.’ It is a great theme for driving recruitment to voluntary organisations and causes around Australia, and we should all do what we can to support it.

As I outlined in an adjournment speech a few weeks ago, I believe that as politicians we need to find time and energy not just to focus on the day-to-day adversarial cut and thrust of parliamentary debate but also to coordinate, through the people and places we represent, greater community involvement and stronger social engagement and cohesion in this country. To me there are some issues that are above politics, and volunteering is one of them. We can and should work together and use our time, resources and influence to support activities like volunteering. Having said that, there are also things we can do as a parliament to support volunteering. Despite the massive success of and support for volunteering in Australia, there are some dark clouds on the horizon. Increasing red tape is one of them. As Jan McCallum wrote in a piece entitled ‘How over-regulation is killing off volunteerism’ in the Age last year:

It is time governments considered how the weight of regulation is strangling community work.

While I think we would all agree that subeditor’s licence has made for a pretty good headline, and while I do not believe the statistics suggest that volunteering is in decline or being killed off, I do believe that the environment in which voluntary and community organisations operate has become more complex and government requirements have become more demanding in recent years. I also believe that there is little doubt that this trend is having an effect in some quarters and, indeed, is discouraging participation in voluntary activities in some sectors. As McCallum rightly points out, in the last few years voluntary groups in Australia have had to absorb GST compliance, new privacy laws and increased public liability costs and procedures. Each, she argues, is not enough in
its own right to discourage participation, but when taken together can discourage people from undertaking voluntary or community work. This effect can also discourage organisations from undertaking certain activities. She goes on to argue:

Many organisations now think twice about whether activities require too much effort for the benefit obtained.

There is obviously a delicate balance here for parliament, but we should be looking to reduce the red tape barrier that faces the voluntary and community sector where possible. It is in our interest to do it. Volunteering and community service adds, as I said earlier, $42 billion to our economy each year.

In July 2003, the Productivity Commission completed a study, Social capital: reviewing the concept and its policy implications, which found there is scope for governments to take more account of social capital in policy development and be wary of the ability that policy and regulation have to erode social capital. In particular, it suggested, public liability laws and bureaucratic controls on community groups and events have this ability. As the commission chairman, Gary Banks, observed at the time, ‘The available evidence tells us that, while some government actions can undermine social capital, it is much harder for governments to create or rebuild it.’

There is no doubt that we are becoming more aware of the importance that volunteering and social capital have in keeping Australia running smoothly. But there is still more to be done and more to be learned. In many respects the efforts made through volunteering are not easily measured by the dollar based accounting systems that we typically use to assess the value of institutions or activities in Australia. That is why there are so many unsung heroes working away tirelessly in communities in every state and territory doing their bit without recognition.

I am pleased that we at least acknowledge this now and are beginning to take steps to address it. One step in particular that I am pleased about is the inclusion of specific questioning in this year’s census about volunteering. Using the census in this way will give us the first comprehensive snapshot of the state of volunteering in Australia and help us correlate the benefit it has for our nation more precisely. By using the census in this way, we can better understand the generosity, kindness and community spirit of the millions of Australian volunteers. And through better understanding this, we can better protect, encourage— (Time expired)

Labour Day, Western Australia

Senator WEBBER (Western Australia) (7.39 pm)—Monday, 6 March this year is a public holiday in Western Australia in celebration of Labour Day. While Labour Day is something that a lot of members here understand a lot about, it gives people like me great pause for reflection on the contribution that the wider labour movement has made and the many struggles and victories that have gone before as we anticipate the struggles and victories ahead in the brave new world.

In doing that I was having a conversation with Kim Young, a person I know very well in Perth, a former assistant secretary to the CFMEU and a former ALP candidate for the federal seat of Moore. In talking about that we reflected on the fact that a lot of young people do not understand and do not have the knowledge of a lot of the terms that are in common parlance these days. One that came to mind when we were having a discussion was the term ‘to go cap in hand’. He told me a story of an experience he had with his father, an experience that I will relay to the chamber now. He said:
When I was growing up around Fremantle in the fifties my father worked at a timber mill in Hamilton hill owned by Hawker Sidleys who later became Bunning’s. In those days most workers wore a soft cap to work.

One of my most vivid memories of those years was as a nine year old going with Mum and my brothers on a Friday afternoon to the sawmill where the old man worked to wait outside while he fronted the boss about a raise.

There we were looking through the front window watching him stand cap in hand almost begging for a pay rise.

Mum explained to us that this was the standard procedure if you wanted an increase in those days as there was no union to bargain on his behalf.

Mum also explained that should he get the raise then it was off to the beer garden of the Newmarket pub, down the road for fish and chips and a soft drink for the Kids and a beer or two for the old man and her.

When the old man came out of the office I couldn’t help but notice that he was crying and I said to Mum that it looked like he didn’t get the raise but we soon found that I was wrong and off to the pub we went.

Later that night I learned from mum that the tears that the old man had on his face where caused by the humiliation he felt at having to stand in front of all of the office staff and beg cap in hand for an increase in his pay—to support his family. This is the Australia that Prime Minister Howard wants to recreate. Mr Young says he is firmly convinced that over the next few years many Australian workers are going to feel that same humiliation that his old man did because there is no way that an individual worker is going to be able to bargain with their employer and expect to win the sorts of wages and conditions that are currently enjoyed by workers of today. Those workers who think that their boss is a good bloke, so they will be all right, will remember the words of people like Mr Young when the boss comes to them and says that he has to cut their wages—as we are already seeing in some places—he has to slash their conditions or he has to let them go so that he can compete in the market that Mr Howard has supposedly created.

Our current employment conditions were not just handed to people by bosses out of the goodness of their hearts as some might think. They were won by the struggles of many generations of working men and women who were prepared to have a go and stand up and fight for decent wages and conditions. That is why it is important that we commemorate and celebrate days like Labour Day. Mr Young goes on to say that he is proud to have been a part of some of those struggles over his years as a union official and that he hopes that he never has to stand, cap in hand, in front of a boss like his old man did.

The Hon. Terance Gerald Roberts MLC

Senator WORTLEY (South Australia) (7.43 pm)—I rise tonight to pay tribute to a great South Australian and champion of the people, a friend and political colleague, the Hon. Terance Gerald Roberts, Minister for Aboriginal Affairs and Reconciliation and Minister for Correctional Services, who passed away on 18 February, 2006. Born into an Irish Catholic working-class family in 1946 to parents Tob and Tet Roberts, Terry grew up with his brother John in Millicent in the state’s south-east.

It was here that Terry joined the Australian Labor Party, secured his trade qualifications before working as a merchant mariner and was elected shop steward for the AMWU. Millicent was also where he met and married in 1972 Elizabeth Braham, and together they raised two sons, Nick and Tim. In November 1985 he was elected as a member of the Legislative Council of South Australia. Terry had a deep commitment to working people. He knew not only where he was from, but whose side he was on—the side of workers, the side
of Indigenous Australians, the side of those who needed someone to speak up for them. A man of principle, Terry was always prepared to give to all, even those with opposing views, a fair go, a fair hearing. But his overriding principle was to ensure any decisions were made in the best interests of those he represented as a union delegate and, for two decades, as a member of the South Australian parliament.

His state funeral last Friday in Adelaide was attended by more than 600 people from all walks of life and political persuasions. Particularly notable were the many people from Aboriginal communities who came to pay their respects to the man they claimed had been their minister and their mate. Outside perhaps an Indigenous football carnival, it was probably one of the largest gatherings of Aboriginal people across South Australia. Such was the high esteem in which Terry was held that the Ernabella choir, made up of community members from Ernabella, Mimili and Pipalyatjara, travelled a 3,600-kilometre round trip to acknowledge his commitment to their cause.

He recognised a need and so established the bipartisan Aboriginal Lands Parliamentary Standing Committee which had a positive impact on addressing housing, local government and infrastructure for Indigenous communities, and his work with Reconciliation South Australia was invaluable. Terry cared deeply about and was committed to advancing the cause of our Indigenous people. He walked among their communities, he walked their land with them. From education and health, to native title and Aboriginal heritage, no issue was out of bounds or beyond his understanding.

A man of gentle nature and remarkable patience, Terry would sit down and listen, taking in all that was said and working through ways of adequately addressing the issues that were raised. His commitment to the trade union movement, to the struggle to achieve social justice for the working class and to effect change for the disadvantaged—and in particularly Indigenous Australians—was unwavering.

Last Friday flags flew at half-mast around the state, including in Terry’s home town of Millicent. Just prior to the service, the South Australian Premier, Mike Rann, announced a special scholarship to be established in honour of the memory and contribution of the former cabinet minister and 20-year member of the legislative council. Terry cherished the time he spent with his sons Nick, Tim, Harry and Tom and partner, Julie. He shared memorable experiences with them.

Terry Roberts was not known as a man of few words. In fact, those that knew him knew that he was a man of many words. But when he left his office two weeks ago, unknown to him for what was to be the last time, he scribbled a note that he left behind, which quoted the words of former Labor Premier, Don Dunstan. It read, ‘There remains much to be done.’ And so, like the true believer that he was, in his own quiet way, Terry ensured that his work would continue. So few words on this occasion, but a volume of meaning for those that follow.

Senator adjourned at 7.49 pm

DOCS

The following government documents were tabled:

- Aboriginal and Torres Strait Islander Social Justice Commissioner—Reports for 2005—
  - Native title.
  - Social justice.

- Australian Broadcasting Corporation—Equity and diversity—Report for 1 September 2004 to 31 August 2005.
Customs Act 1901—Customs (Prohibited Exports) Regulations 1958—Permissions granted under regulation 7 for the period 1 July to 31 December 2005.
Migration Act 1958—Section 486O—Assessment of appropriateness of detention arrangements—
Government response to the Commonwealth Ombudsman’s reports 003/05 to 013/05 and 015/05, 7 February 2006.
Reports by the Commonwealth Ombudsman—
Personal identifier 003/05, 4 November 2005.
Personal identifier 004/05, 21 November 2005.
Personal identifier 005/05, 4 November 2005.
Personal identifier 006/05, 21 November 2005.
Personal identifier 007/05, 21 November 2005.
Personal identifier 008/05, 21 November 2005.
Personal identifier 010/05, 25 November 2005.
Personal identifier 011/05, 4 November 2005.
Personal identifier 012/05, 4 November 2005.
Personal identifier 015/05, 4 November 2005.
Native Title Act 1993—Native title representative bodies—Reports for 2004-05—
Cape York Land Council Aboriginal Corporation.
Ngaanyatjarra Council (Aboriginal Corporation).

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]

Civil Aviation Act—Civil Aviation Safety Regulations—Airworthiness Directives—Part 105—AD/DAUPHN/83—Tail Rotor Pitch Control Rod Bearing [F2006L00612]*.
Environment Protection and Biodiversity Conservation Act—
Amendment of list of specimens taken to be suitable for live import, dated 15 February 2006 [F2006L00610]*.
Wildlife Conservation Plan for Migratory Shorebirds [F2006L00594]*.
Local Government (Financial Assistance) Act—Variation to the National Principles for the Allocation of General Purpose Grants—LGFA/1995-1 [F2006L00517]*.

National Health Act—
Arrangement No. PB 12 of 2006—Chemotherapy Pharmaceuticals Access Program [F2006L00622]*.
Determination No. PB 11 of 2006 [F2006L00618]*.


Privacy Act—Credit Provider Determinations Nos—
2006-1 (Assignees) [F2006L00609]*.
2006-2 (Classes of credit providers) [F2006L00611]*.

Veterans’ Entitlements Act—Statements of Principles concerning—
Acute stress disorder No. 11 of 2006 [F2006L00625]*.
Heart block No. 3 of 2006 [F2006L00615]*.
Heart block No. 4 of 2006 [F2006L00616]*.
Malignant neoplasm of the larynx No. 1 of 2006 [F2006L00613]*.
Malignant neoplasm of the larynx No. 2 of 2006 [F2006L00614]*.
Malignant neoplasm of the thyroid gland No. 9 of 2006 [F2006L00623]*.
Malignant neoplasm of the thyroid gland No. 10 of 2006 [F2006L00626]*.
Motor neurone disease No. 7 of 2006 [F2006L00620]*.
Motor neurone disease No. 8 of 2006 [F2006L00621]*.
Spondylolisthesis and spondylolysis No. 5 of 2006 [F2006L00617]*.
Spondylolisthesis and spondylolysis No. 6 of 2006 [F2006L00619]*.

* Explanatory statement tabled with legislative instrument.

**Indexed Lists of Files**

The following documents were tabled pursuant to the order of the Senate of 30 May 1996, as amended:
Indexed lists of departmental and agency files for the period 1 July to 31 December 2005—Statements of compliance—
Department of the Prime Minister and Cabinet.
National Water Commission.

**Departmental and Agency Contracts**

The following documents were tabled pursuant to the order of the Senate of 20 June 2001, as amended:
Departmental and agency contracts for 2005—Letters of advice—
Employment and Workplace Relations portfolio agencies.
Immigration and Multicultural Affairs portfolio agencies.
Prime Minister and Cabinet portfolio agencies.
Transport and Regional Services portfolio agencies.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Mr Talaal Adrey
(Question No. 1401)

Senator Stott Despoja asked the Minister representing the Minister for Foreign Affairs, upon notice, on 30 November 2005:

(1) How long did it take the Kuwait officials to grant Australian consular access to Mr Talaal Adrey, and what were the reasons for this delay.
(2) Given public allegations that Mr Adrey had been subjected to torture, why did a medical practitioner not accompany consular officials when they visited Mr Adrey in May 2005.
(3) With reference to the statement by the Parliamentary Secretary for Foreign Affairs (Mr Billson) that consular officials, following their visit, had concluded that Mr Adrey was in good health; is it usual practice to rely on the assessment of non-medical personnel to assess whether an Australian has been tortured.
(4) With reference to Mr Billson’s statement that the consular officials did notice some physical evidence consistent with Mr Adrey’s allegation that he had been tortured, what physical condition did the consular officials note.
(5) (a) What steps has the Government taken to investigate Mr Adrey’s allegation that he was tortured; and (b) has the Government raised these allegations and sought a response from the Kuwaiti Government.
(6) What steps has the Government taken to ascertain if there is any substance to Mr Adrey’s allegation that a Westerner was present during his torture.
(7) Does the Government have any normal procedure for responding to allegations of torture by Australian citizens; if so, what is that protocol.
(8) For the past 5 years, how many Australians is the Minister aware of who allege that they have been tortured outside of Australia.
(9) Does the suggestion made at the estimates hearings of the Foreign Affairs, Defence and Trade Legislation Committee on 1 June 2005, that Mr Adrey’s family never asked for a doctor to be taken to assess his health, contradict family assertions that such a request was made.
(10) Does the Minister deny that a request from Mr Adrey’s family was made.
(11) Given that Mr Adrey’s family speak virtually no English: (a) how have Government officials communicated with them; and (b) has an interpreter been present.

Senator Coonan—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) DFAT learnt of Mr Adrey’s detention on 15 February 2005. The first consular visit occurred on 28 May. The Kuwaiti Government has not provided an adequate explanation as to why it denied consular access for this length of time, despite a number of requests.
(2) Prior to the first consular visit on 28 May 2005, Mr Adrey advised our Embassy by phone that he was in good health. Without concern for his health, there was no requirement to take a medical practitioner on the visit.
(3) The assessment that Mr Adrey was in good health was based on his own advice given prior to, and during, the first consular visit on 28 May 2005.
(4) During the 28 May 2005 visit, Mr Adrey pointed to one fingernail and one toenail as evidence they had been forcibly pulled out. Consular officers noted that one fingernail appeared slightly damaged at the end, and the toenail was short but otherwise normal in appearance.

(5) (a) Australia does not have jurisdiction to conduct investigations in another country. (b) Yes. The Government made repeated high level representations to the Kuwaiti Government, in Canberra and Kuwait, raising Mr Adrey’s claims of mistreatment, demanding a thorough investigation of the claims, and seeking assurances that he was being treated properly.

(6) Mr Adrey’s family claimed on the 17 May 2005 7.30 Report program that there were Australians present when Mr Adrey was allegedly interrogated. Following these claims DFAT contacted relevant Australian government agencies and confirmed that no Australian officials had seen or had access to Mr Adrey since he was detained.

(7) The Australian Government makes direct representations to the government of the country in question, seeking that the claims be investigated thoroughly.

(8) Allegations of mistreatment or torture have been raised with us in a number of cases over the past five years and we have made strong representations for them to be fully investigated by local authorities.

(9) We have no record of this request being made to DFAT.

(10) See answer to question 9.

(11) Contact with next of kin has been by Arabic-speaking Embassy personnel (in Kuwait), or via telephone interpreting service (in Australia).

SIEVX

(Answer No. 1408)

Senator Milne asked the Minister for Justice and Customs, upon notice, on 1 December 2005:

(1) (a) What factors, other than failure to ascertain the exact point at which the SIEV X sank, were relevant to the inability to prove jurisdiction to pursue the prosecution of those persons who organised the voyage; and (b) did the Government receive legal advice regarding a lack of Australian jurisdiction to proceed with a case of homicide against Abu Quassey and others allegedly involved in the attempt to smuggle people aboard the SIEV X; if so, can that advice be provided.

(2) Have members of the Indonesian Police now interviewed the harbourmaster of Sunda Kelapa port in North Jakarta in relation to the SIEV X; if so: (a) have the Indonesian Police passed on a report to Australian authorities; and (b) can the details of this report be provided.

(3) (a) Have the Australian Federal Police (AFP) or the Indonesian Police interviewed the fishermen who rescued the SIEV X survivors; (b) have Australian authorities received a report on any such interviews; (c) were coordinates of the rescue position of the SIEV X obtained through any of these interviews; and (d) how did these coordinates match with those contained in the North Jakarta harbourmaster’s report of 24 October 2001.

(4) (a) Has the AFP interviewed the survivors of the SIEV X; if so, how many have been interviewed; if not, why not; and (b) will the Government interview all of the survivors of the SIEV X who remain in Australia.

Senator Ellison—The answer to the honourable senator’s question is as follows:

(1) (a) Under section 232A of the Migration Act 1958, jurisdiction is proved if the intention is to bring five or more non-citizens into Australia. Those involved in the commission of such an offence need not arrive in Australia to complete the offence. Jurisdiction was not an issue in relation to the people smuggling offences in this matter. Two organisers of the SIEV X venture
were identified. Mr Khalef Daoed has been prosecuted and convicted in Australian courts on Migration Act offences. Mr Abu Quassey was prosecuted and convicted in Egypt for offences relating to SIEV X.

(b) In these circumstances, Australia does not have any jurisdiction to prosecute a foreign national in Australian courts for allegedly committing an act of homicide against a foreign national, in a foreign country or international waters. As an Egyptian citizen, Mr Abu Quassey was prosecuted and convicted under Egyptian law for manslaughter and people smuggling offences in relation to the SIEV X. The AFP has worked closely with the Commonwealth Director of Public Prosecutions and the Attorney-General’s Department on this matter, with operational decisions being made on the basis of the available evidence. The conviction of Mr Quassey on charges relating to this matter in Egypt has precluded any future prosecution in Australia on the basis of double jeopardy.

(2) Enquiries conducted by AFP officers with the assistance of the Indonesian National Police in Indonesia identified that the departure point for the vessel SIEV X was not an authorised port of departure. The local authorities advised that no permission or authorisation was ever granted to the vessel to depart from that location or Indonesian waters. No documents were created in relation to its departure, nor were any records identified relating to the inspection of the vessel by Indonesian authorities prior to departure.

A North Jakarta Harbour Master was spoken to by Australian officials in the days following the loss of the SIEV X. Those Australian officials viewed pages of the harbour master’s report and were satisfied that the document contained no record of the departure of the vessel. AFP officers subsequently obtained a copy of this document.

(a) Refer answer above.

(b) Refer to answer 2.

(3) (a) AFP officers have liaised with Indonesian authorities in relation to identifying the fishermen who rescued the SIEV X survivors. All efforts by AFP officers to identify the fishermen have failed. This avenue of enquiry has now been exhausted.

(b) Refer to answer (a).

(c) Refer to answer (a).

(d) Refer to answer (a).

(4) (a) AFP officers have interviewed all known survivors of the SIEV X, including those remaining in Australia and those resettled overseas. Forty-eight persons who were either concerned with or were survivors of the SIEV X have been identified and interviewed.

(b) Refer to answer (a).

Illegal Entry Vessels
(Question No. 1409)

Senator Milne asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 1 December 2005:

(1) (a) How many rescues of suspected illegal entry vessels was the Australian Maritime Safety Authority (AMSA) involved in between 1 January 1999 and 31 December 2001; (b) what were the codenames of those suspected illegal entry vessels; and (c) how many passengers were aboard those vessels.

(2) How many broadcasts to shipping and/or overdue notices related to suspected illegal entry vessels were issued by AMSA between 1 January 1999 and 31 December 2001.
QUESTIONS ON NOTICE

(3) (a) What action was taken by AMSA in relation to the rescue at sea of the suspected illegal entry vessel codenamed Gelantipy; (b) will the Minister provide all records that are held by AMSA in relation to the rescue of the vessel codenamed Gelantipy; and (c) will the Minister provide all records of telephone conversations held by AMSA in relation to the rescue of the vessel codenamed Gelantipy.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) (a) AMSA undertook rescue operations in relation to the suspected illegal entry vessel “Palapa 1” in August 2001 but had no operational involvement in relation to subsequent suspected illegal entry vessels.

(b) AMSA does not allocate codenames to vessels.

(c) AMSA’s records show that “Palapa 1” was carrying around 434 people.

(2) AMSA issued a broadcast to shipping in relation to “Palapa 1”. AMSA does not issue “overdue notices”. On 22 October 2001, AMSA advised BASARNAS, the Indonesian search and rescue authority, of concerns in relation to a suspected illegal entry vessel that was potentially overdue on a voyage from Indonesia.

(3) AMSA is unable to identify a vessel by the codename Gelantipy

Australian Institute of Police Management

(Question No. 1412)

Senator Sherry asked the Minister representing the Attorney-General, upon notice, on 1 December 2005:

(1) Was advice provided to the Attorney-General by the department, or any agency in the Attorney-General’s portfolio, that went towards, or informed, the development of the Coalition’s Police Training policy released on 7 September 2004.

(2) Was advice or input given to, or received from, the Department of the Prime Minister and Cabinet, the Department of the Treasury or the Department of Finance in relation to (1) above.

(3) If the answer is yes for (1) or (2) above: (a) what was the broad nature of that advice; (b) who requested the advice; (c) how was that request conveyed; (d) how was it provided; and (e) did this occur before or after 31 August 2004.

Senator Ellison—The answer to the honourable senator’s question is as follows:

(1) No. The Attorney-General does not have portfolio responsibility for the Australian Institute of Police Management (AIPM); this responsibility falls within my portfolio. The proposed redevelopment of the AIPM has been under consideration by the AIPM Board of Management for some time. A master plan for the redevelopment of the AIPM was completed in 2003. The Australasian Police Ministers’ Council (APMC) was apprised of the proposal in the AIPM Annual Report for 2002-2003, submitted to it in November 2003. This master plan provided the basis of the Coalition’s election commitment announced by the Prime Minister on 7 September.

(2) No. With regard to costings, the AIPM estimated costs for the redevelopment a part of the business case it prepared for its Board of Management in June 2003.

(3) Not applicable – see responses to (1) and (2) above.

Wage Assistance

(Question No. 1416)

Senator Chris Evans asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 5 December 2005:
With reference to the wage assistance measure available to employers who employ Aboriginal and Torres Strait Islander people:

(1) (a) When did the wage assistance measure begin; and (b) what similar measures preceded the wage assistance measure.

(2) For each financial year since the measure began, to date: (a) what amount of funding has been allocated to the measure; (b) what is the amount actually expended on this measure; (c) what is the number of approved applications for wage assistance and (d) how many employees benefited from wage assistance.

(3) Can statistical information be provided on categories of employers that apply for wage assistance including the categories of small business, large industry corporations and other types of employers.

(4) Can local councils or government agencies apply for wage assistance.

(5) (a) Can statistics be provided on: (i) the number of episodes of employment that are subsidised by wage assistance resulting in ongoing employment, and (ii) the longevity of the employment achieved as a result of wage assistance and (b) when were these statistics collected.

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

(1) (a) Wage Assistance was introduced in July 1999 as part of the Indigenous Employment Policy [IEP]. (b) Prior to the IEP, there were wage assistance measures under the Aboriginal Employment Development Policy [AEDP] which was introduced in 1987.

(2) (a) Wage Assistance is an element of the IEP. There is no separate allocation or target for Wage Assistance.

With respect to parts (b), (c) and (d), the following table sets out relevant values.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Amount expended $M</th>
<th>Number of approved applications</th>
<th>Number of employees benefiting from wage assistance</th>
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<tr>
<td>1999-2000</td>
<td>$2.262</td>
<td>1691</td>
<td>1691</td>
</tr>
<tr>
<td>2000-2001</td>
<td>$5.938</td>
<td>2412</td>
<td>2412</td>
</tr>
<tr>
<td>2001-2002</td>
<td>$5.449</td>
<td>2114</td>
<td>2114</td>
</tr>
<tr>
<td>2002-2003</td>
<td>$6.604</td>
<td>2254</td>
<td>2254</td>
</tr>
<tr>
<td>2003-2004</td>
<td>$5.934</td>
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<tr>
<td>2004-2005</td>
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<td>2841</td>
<td>2841</td>
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<tr>
<td>2005-2006 to 31 Dec 05</td>
<td>$3.321</td>
<td>1360</td>
<td>1360</td>
</tr>
</tbody>
</table>

(3) In 2004-2005, almost 97% of applications came from the private sector including non-profit organisations, and 3% from government agencies. Further data categorising the type of organisation is not available.

(4) Yes.

(5) (a) (i) For placements under Wage Assistance that were completed between January 2004 and 30 December 2004, almost 72% of job seekers were still in employment three months after the subsidy period was completed. (ii) These statistics are derived from DEWR’s Post Placement Monitoring (PPM) surveys, which are conducted on a cross section of placements that have been completed for at least three months.

(b) The statistics were collected for the Labour Market Assistance Outcomes Report for the year ending 31 March 2005. They are based on outcomes data for job seekers who exited assistance...
in the 12 months to 31 December 2004, and their post assistance outcomes achieved by 31 March 2005.

Aged Care
(Question No. 1426)

Senator McLucas asked the Minister for Ageing, upon notice, on 5 December 2005:

(1) Given the deadline for the conditional adjustment payment audited financial reporting requirement was 31 October 2005, can a list be provided, at the ‘approved provider level’ and the ‘individual service level’, indicating: (a) each provider that complied with the conditional adjustment payment reporting requirement; and (b) those providers that did not comply.

(2) Which providers: (a) have complied; (b) were given an ‘approved alternative financial period’; (c) were given an ‘exemption’; and (d) were non-compliant.

(3) (a) Why were exemptions given; and (b) can a list be provided of exempted providers and the reason given for the request for an exemption.

(4) Given that the reports for the conditional adjustment payment 2004-05 Annual Notice for Financial Reporting were to be sent to the C/O Forms Administration, Department of Health and Ageing, how are the reports processed upon receipt.

(5) On receipt, how is confidentiality of the information ensured.

(6) How will the Government respond to those providers which have not provided the audited financial reports by 31 October 2005.

(7) How will information be provided from KPMG to the department.

(8) Will the financial data be publicly available; if so, in what form.

(9) How will prospective residents and their families be able to access financial reports of aged care facilities in which they are considering becoming a resident.

(10) (a) How will the potential residents and their families be advised that they have the right to view financial reports; and (b) can potential residents seek advice about financial records from, for example, a financial advisor or accountant.

Senator Santoro—The answer to the honourable senator’s question is as follows:

(1) This information is protected information under Part 6.2 of the Aged Care Act 1997.

(2) This information is protected information under Part 6.2 of the Aged Care Act 1997.

(3) (a) Exemptions were granted in relation to applicable accounting standards and/or the requirement to treat residential aged care as a reportable segment if the approved provider:

• had not prepared, for the previous relevant financial year, a financial report that complied with the requirement; and

• gave the Secretary a transitional plan specifying how the approved provider proposes to comply with the requirement in relation to the following relevant financial year, and a statement that the approved provider has obtained a written opinion from an accountant confirming the approved provider’s capacity to comply with the transitional plan.

(b) This information is protected information under Part 6.2 of the Aged Care Act 1997.

(4) Following receipt, Conditional Adjustment Payment 2004-05 Annual Notices for Financial Reporting (Annual Notices) were examined to ascertain whether they were complete and indicated compliance with the financial reporting requirements set out in the Residential Care Subsidy Principles 1997.
The contract with the selected entity includes provisions to protect against the disclosure of information acquired by the contractor in the course of providing services under the contract.

Providers that were not compliant by 31 October 2005 and had not received a determination for an alternative reporting date will lose CAP funding until they are compliant.

Information was provided by KPMG to the Department of Health and Ageing electronically.

Financial data about a residential aged care service is available to residents (or their representative) and to persons who have been approved as a recipient of residential aged care (or their representative) and who are considering receiving residential aged care through the residential aged care service.

A person who has been approved as a recipient of residential aged care (or their representative) and who is considering receiving residential aged care through a residential aged care service can ask the approved provider for a copy of the audited financial report for the previous financial year for that service.

Fact sheets for residents and for approved providers have been prepared which provide information on residents’, prospective residents’ or their representatives’ right to access approved providers’ audited financial statements. The fact sheets are available on the department’s website. The department has sent the fact sheet for residents to providers with a request that it be disseminated to residents, prospective residents and/or their representatives.

As the department updates its publications aimed at consumers, they will include a reference to the right to obtain a copy of providers’ or prospective providers’ audited financial reports. For example, the next print run of the publication 5 Steps to Entry into Residential Aged Care, likely to be mid-2006, will be updated to include a reference to the ability of residents and potential residents (and their representatives) to request their providers’ audited financial reports.

(b) Yes.

Hillsong Emerge Projects
(Question No. 1429)

Senator Chris Evans asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 8 December 2005:

With reference to page 68 of the Indigenous Business Australia’s (IBA) annual report for 2004-05, which lists the major economic development initiatives funded by the IBA and states that $610,968 was granted to Hillsong Emerge to conduct economic development activities in Redfern and Mount Druitt, which included operating enterprise hubs, and building the confidence of young Indigenous women to enter the workforce or create small business opportunities:

(1) (a) What was the date of Hillsong Emerge’s application for funding and when was the grant approved; and (b) what was the amount of funding requested.

(2) (a) Under which program was this funding application made; (b) what was the deadline for applications; (c) how many applications were received; (d) who assessed the applications; (e) did the Minister receive any advice in relation to the applications; if so, when was it received; (f) what was the nature and extent of the Minister’s involvement in the assessment and decision-making process; (g) were the IBA directors advised on the major grants; and (h) did the majority of director’s approve all major grants.

(3) On what dates did the initiative start and end.

(4) For each of the enterprise hubs: (a) where is the hub located; (b) what services are available; (c) when did the hub begin operating and if applicable, when did it end; (d) for each of the financial...
years 2004-05 and 2005-06 to date, how many Indigenous clients have been assisted; and (e) how many Indigenous entrepreneurs became self-employed as a result of the hub.

(5) With reference to building the confidence of young Indigenous women to enter the workforce or create small business opportunities: (a) which programs were administered, or will be administered, to achieve this aim; (b) what activities are involved in the programs; (c) on what date did the programs start and end; (d) how long do the programs last; (e) how many young Indigenous women are involved in these programs; (f) what is the age group of these women; and (g) where did these programs take place.

(6) (a) How many Indigenous people work as part of this initiative; and (b) is their remuneration sourced from this grant.

(7) How many Hillsong Emerge staff have been, or are, renumerated from this funding initiative.

(8) With reference to $610,968 of funding: (a) over what period of time is this funding to be spent; (b) what is the amount of money allocated for: (i) Hillsong Emerge’s staff, and (ii) administration costs, including, but not limited to, project coordinators’ wages/superannuation, contract management, administration/reception, information technology/communications, insurance, audit and evaluation; (c) what was the amount of money allocated for each program, including the name of each program; (d) what were the amounts spent on administration costs for each program; (e) what is the amount of any new funding for this initiative in the 2005-06 financial year, broken down as in (a) and (b) above.

(9) Have any evaluations of the initiative been conducted to date; if so: (a) when did the evaluations take place; (b) who conducted the evaluations; (c) which programs under the initiative were evaluated; (d) what were the performance indicators; (e) was any feedback from the Indigenous clients and community sought as part of these evaluations; if so, can evaluation reports in relation to this initiative be provided.

(10) (a) How many applications for funding were received by IBA in relation to economic development in Redfern or Mount Druitt by parties other than Hillsong Emerge; and (b) can the dates of the applications and the names of the applicants be provided.

**Senator Abetz**—The Minister for Employment and Workplace Relations has provided the following answer to the honourable senator’s question:

(1) (a) Application: 27 August 2004 and approval: 17 September 2004. (b) Year 1 $610,968

(2) (a) The funding was sought from the Indigenous Business Development Programme (IBDP) originally located within ATSIC/ATSIS, and later transferred to DEWR and finally IBA (b) The IBDP is predominantly a commercial loan programme and is available throughout the year and therefore it does not have a deadline for receiving funding applications, rather the programme considers all applications on their merit with regard to the criteria and programme objectives. With regard to Economic Development Initiatives (EDI) activities, where possible the programme tries to align funding to a financial year. (c) For this activity one application was received. (d) Application assessed by the relevant IBDP team including an assessment by the Senior Program Funding Services Officer, a review by the Manager Business Funding and approval by the Assistant Secretary DEWR. (e) Minister approval not required under grant funding from the IBDP. (f) Not applicable. (g) At the time of the decision the programme was still located within DEWR, therefore the directors of IBA were not involved in this process. (h) Not applicable


(4) (a) Redfern and Seven Hills, Sydney. (b) Business support services / business mentoring / capacity building. (c) The hubs commenced shortly after the funding decision in October 2004. Recruitment was undertaken in late 2004 following contract signing in October of that year. The project has funding until 31 December 2005. (d) 149 Indigenous persons have made contact with Hillsong
Emerge (HE) Sydney Hubs to discuss the availability of services. Of this number, 74 have become clients and this represents 46 businesses (as reported in the latest project reports dated 30 September 2005). (e) HE advise that to their knowledge none of those assisted have moved to full self-employment.

(5) (a) Shine was the name of the program. (b) Shine Basic program focuses on the values of worth, strength and purpose Shine Enterprise Program includes the following:
- Identity – girls identify strengths/personality traits.
- Journaling – writing down dreams/goals/plans.
- Enterprise activity: create company identity – name of business, image, logo and target market.
- Marketing – branding.
- Finance – personal budget/company budget, pricing/cash flow.
- Planning – basic business plan, SWOT analysis.
- Production – making their products.
- Product design – concept and design of products.
- Field Trip – acquiring supplies.
- Packaging/Presentation – preparing for market day, presentation of stall and products.
- Market Day – customer service, sales.
(c) Alexandria Park Community School: 1 June – 24 August, 2005 Enterprise and 17 July – 22 September Basic.
- Centennial Park School, 18 October – 16 December 2005 Basic.
(d) 7 - 10 weeks in the high school context.
- 7 weeks at the Juvenile Justice Centre.
- Ongoing in the Young Mums Group.
(e) Alexandria Park Community School: six in Enterprise and five in Basic:
- Matraville Sports High School: five in Enterprise and six in Basic.
- Chifley College Dunheved Campus: 12 in Enterprise and three in Basic.
- Juniperina Juvenile Justice: 5 in Enterprise.
- Young Mums Program: 5 in Enterprise.
(f) Ages ranged between 14-30.
- Alexandria Park Community School: 15-16 years.
- Matraville Sports High School: 14-16 years.
- Chifley College Dunheved Campus: 14-16 years.
- Young Mums Program: 16-30 years.
(g) Three in local high schools:
- (Inner City - Alexandria Park Community School, Matraville Sports High School) (Western Sydney - Chifley College Dunheved Campus).
- One in Juniperina Juvenile Justice Centre (Yasmari).
- One Young Mums Program, Waterloo.

(6) (a) Four indigenous people work on this activity. (b) A portion of the grant funds are paid as wages to the Indigenous staff for the work they perform on these activities.

(7) 13 HE staff work on these activities and are remunerated from the Grant.

(8) (a) Between October 2004 until 31 December 2005. (b) (i) Total Salaries $410,940. (ii) Administration (travel, rent, insurance, materials etc) $200,028. (c) Hubs $470,160 Shine $140,808. (d) Administration costs (travel, rent, insurance, materials etc) per program are approximately Hubs $135,350 and Shine $53,750. (e) No new funding has been provided to date for these activities however the end date of the original funding was extended to 31 December 2005 from 30 June 2005 as there were surpluses from the original funding due to the late start date.

(9) (a) Yes. Regular assessments of the project’s performance from the quarterly reports received as part of the requirement of funding. Reports were analysed by relevant project staff in the due course of business in March 2005, June 2005, August 2005 and October 2005 plus additional information supplied by HE during the course of the project have all been assessed by project staff. (b) IBA Senior Program Funding Officers. (c) Both projects under the initiative were evaluated. (d) Number of connections with individuals 250, Number of connections with groups 10, Number of individuals who have acquired assistance with Product design/development 60, Number of individuals who have acquired assistance with marketing 30, Number of entrepreneurs who have maintained regular contract per quarter 5, Number of entrepreneurs who have used Volunteer/pro bono assistance 25.

(e) HE Sydney Community Liaison Officer is Indigenous and consults regularly with the community and HE consult with community elders on an ongoing basis.

(10) (a) No other applications for EDI funding were received from these two areas. (b) Not applicable.

First Australians Business
(Question No. 1430)

Senator Chris Evans asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 8 December 2005:

With reference to page 68 of the Indigenous Business Australia’s (IBA) annual report for 2004-05, which lists the major economic development initiatives funded by the IBA and also states that First Australians Business (FAB) Ltd received $205 000 ‘to create a national database of business mentors that can provide services to Indigenous small business aspirants on a volunteer basis and appropriately link workshop participants to small business mentors’:

(1) On what date did FAB begin the project to create a national database of business mentors.

(2) How has FAB attracted business mentors to the database.

(3) To date, how many business mentors are on this database.

(4) How many ‘link-ups’ between business mentors and Indigenous small business aspirants have occurred.

(5) (a) Under which program was the funding application made; (b) what was the deadline for applications; (c) how many applications were received; (d) who assessed the applications; (e) did the Minister receive any advice in relation to the applications; if so, when was it received; (f) what was the nature and extent of the Minister’s involvement in the assessment and decision-making process; (g)
were the IBA directors advised on the major grants; and (h) did the majority of directors approve all major grants.

(6) (a) What was the date or dates of FAB’s application for funding; (b) on what date was the grant approved; and (c) what was the amount requested in the funding application/proposal.

(7) (a) How many FAB staff are paid out of the $205 000 grant; and (b) are they full-time or part-time.

(8) (a) How many Indigenous people work on this initiative; (b) do they work for FAB or are they otherwise remunerated from the funding grant; and (c) do they work full-time or part-time.

(9) With reference to the $205 000 of funding: (a) over what period of time is this funding to be spent; (b) what is the amount of money allocated for: (i) FAB’s staff, and (ii) administration costs, including, but not limited to, project coordinators’ wages/superannuation, contract management, administration/reception, information technology/communications, insurance, audit and evaluation; (c) in relation to (9) (b) above, what is the amount of money spent to date; and (d) what are the amounts of any new funding to this initiative for 2005-06 financial year, broken down into administration costs and administered funds.

(10) Have any evaluations of the initiative been conducted to date; if so: (a) when and where did the evaluations take place; (b) who conducted the evaluations; (c) what were the performance indicators; and (d) was any feedback from the Indigenous clients and community sought as part of these evaluations; if so, can any evaluation reports in relation to this initiative be provided.

(11) If no evaluations conducted to date, when is the expected start date and reporting date for evaluations.

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

(1) First Australians Business (FAB) commenced the development of a national database of business mentors on 1 October 2004.

(2) FAB attracts business mentors to the database through FAB directors’ networks community radio advertising (daily ads on 135 National Indigenous Radio Service stations), database monthly distribution of “deadly telegraph” and through “Centre of Influence” (COI) process where mid month a list of mentees seeking a mentor is distributed to all mentors, other friends of FAB and directors for further distribution. Initially mentees details are entered on the database in order to match a suited mentor. If there are no matches the COI process is then carried out. FAB further attracts business mentors through FAB Regional Representatives who promote FAB on a regional basis and resources being made available to mentors through an alliance formed with the Queensland State Library.

(3) 305.

(4) 61 mentee/mentor relationships created.

(5) (a) The funding was sought from the Indigenous Business Development Programme (IBDP) originally located within ATSIC/ATSIS, and later transferred to DEWR and finally IBA. (b) The IBDP is predominantly a commercial loan programme and is available throughout the year and therefore does not have a deadline for receiving funding applications, rather the programme considers all applications on their merit with regard to the criteria and programme objectives. With regard to Economic Development Initiatives (EDI) activities, where possible the programme tries to align funding to a financial year. (c) For the provision of this type of service one application was received. However, during 2004-05 a total of 37 applications for EDI activities were received by the IBDP. (d) Application assessed by the relevant IBDP team including an assessment by the Senior Programme Funding Officer, a review by the Manager Business Funding and approval at the Assistant Secretary level of DEWR. (e) No. Ministerial approval was not required under grant funding from
the IBDP. (f) Not applicable. (g) At the time of the decision the programme was still located within DEWR, therefore the directors of IBA were not involved in this process. (h) Not applicable.

(6) (a) 27 July 2004. (b) 10 August 2004. (c) $205,000 (excl. GST).

(7) (a) 40% of funding pays for 1 full-time Indigenous staff member and a percentage of a FAB General Manager’s wage. (b) Full-time.

(8) (a) 6 full time Indigenous staff including one trainee are employed by FAB. FAB employs a total of 7 staff. (b) All staff of FAB are employed by FAB, however, a component of the grant is utilised for salary purposes. (c) Full-time.

(9) (a) 1 October 2004 to 30 June 2005 (8 months). (b) (i) $93,930. (ii) $111,070. (c) $205,000. (d) $258,030 all related to the administration of this project. This funding also includes the development of a database of Indigenous businesses to enable the provision of mentoring services to be improved.

(10) (a) All recipients of EDI funding are required to provide a quarterly report, outlining their activities. These reports are monitored by the programme staff. All new applications are assessed against the funding criteria and objectives of the programme. (b) The Senior Programme Funding Officer and the Manager Business Funding. (c) Performance Indicators:-

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mentee/mentor relationships</td>
<td>120</td>
</tr>
<tr>
<td>Jobs created</td>
<td>30</td>
</tr>
<tr>
<td>New indigenous small businesses</td>
<td>40</td>
</tr>
<tr>
<td>Small business start-ups</td>
<td>30</td>
</tr>
</tbody>
</table>

(d) The programme regional staff work closely with FAB and its clients, and feedback is sought from participants on the services at the time of the provision of FAB workshops.

(11) Not applicable.

**Hillsong Emerge Projects**

**(Question No. 1431)**

**Senator Chris Evans** asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 8 December 2005:

With reference to page 68 of the Indigenous Business Australia’s (IBA) annual report for 2004-05, which lists the major economic development initiatives funded by the IBA and also states that the IBA granted $965 421 to Hillsong Emerge “to pilot the provision of small loans to Indigenous entrepreneurs in Sydney (urban), Northern New South Wales (regional) and Cape York (remote)” and that the IBA also granted an additional $280 000 in loan funds:

(1) Did Hillsong Emerge submit a funding application to obtain the grant of $965 421; if so:

(a) under which program was the application made;

(b) when and where was the invitation for tender advertised;

(c) did the department advertise any specific request for tenders on micro-credit pilots; if so, when did it advertise this request;

(d) when was the deadline for applications;

(e) how many other applications relating to micro-credit projects were there;

(f) did any banks express any interest in conducting a micro-credit project; if so, which banks;

(g) what was the total number of applications received;

(h) who assessed the applications;
QUESTIONS ON NOTICE

(i) did the Minister receive any advice in relation to the applications; if so, when was the advice received;

(j) what was the nature and extent of the Minister’s involvement in the assessment and decision-making process;

(k) were the IBA directors advised on the major grants; and (l) did the majority of directors approve all major grants.

(2) With reference to Hillsong Emerge’s funding application for this initiative:

(a) what was the date or dates of Hillsong Emerge’s application for funding;

(b) on what date was the grant approved; (c) what was the amount requested in the funding application/proposal.

(3) Which communities are participating in the pilot.

(4) For each of the three sites, what is the start and end date of the pilot scheme.

(5) What size loan is categorised as a small loan and can a range of specific figures be provided.

(6) For what are small loans most used in these communities and can examples be provided.

(7) How is Hillsong Emerge facilitating the provision of small loans to Indigenous entrepreneurs in these three pilot sites.

(8) What are the names of any community programs that are being funded by this grant.

(9) Has Hillsong Emerge established offices in these three sites to administer this initiative.

(10) Does Hillsong Emerge offer these micro-credit services through their IBA-funded enterprise hubs located in Redfern and Mount Druitt.

(11) (a) How many Hillsong Emerge staff work on this initiative; (b) how many of those staff are remunerated from the above grant; (c) do staff work full-time or part-time; and (d) in which office are they based.

(12) (a) How many local Indigenous people work on this initiative; (b) do they work full-time or part-time; and (c) are they are remunerated from the above funding grant.

(13) For each of the financial years 2004-05 and 2005-06 to date, how many small loans have been approved in each of the three sites.

(14) (a) What interest do Indigenous people, participating in the scheme, pay on this loan; and (b) what, if any, conditions are placed on the loan.

(15) With reference to the funding of $965 421:

(a) over what period of time is this funding to be spent;

(b) what is the amount of money allocated for:

(i) Hillsong Emerge’s staff, and

(ii) administration costs, including, but not limited to, project coordinators’ wages/superannuation, contract management, administration/reception, information technology/communications, insurance, audit and evaluation;

(c) what is the amount of money allocated to each pilot site; and

(d) for each pilot site:

(i) what is the amount of money that will be administered in loans, and

(ii) for the 2005-06 financial year, what are the amounts for any new funding to this initiative broken down as in (15)(b), (c) and (d) above.

(16) Have any evaluations of the initiative been conducted to date; if so:
(a) when and where did the evaluations take place;
(b) who conducted the evaluations;
(c) what were the performance indicators; (d) was any feedback from the Indigenous clients and community sought as part of the evaluations; if so, can any evaluation reports in relation to this initiative be provided.

(17) If no evaluations were conducted to date, when is the expected start date and reporting date for evaluations.

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

(1) Yes.
(a) The funding was sought from the Indigenous Business Development Programme (IBDP) originally located within ATSIC/ATSIS, and later transferred to DEWR and finally IBA
(b) Not applicable. The Micro Enterprise Development (MED) pilot was commenced by ATSIC in December 2000. Following a pre-feasibility study Opportunity International were engaged as project managers for the pilot. Hillsong Emerge (HE) took over the pilot in July 2004. The IBDP is predominantly a commercial loan programme which considers applications throughout the year and therefore does not have a deadline for receiving funding applications, rather the programme considers all applications on their merit with regard to the criteria and programme objectives. With regard to Economic Development Initiative (EDI) activities, where possible the programme tries to align funding to a financial year.
(c) The original ATSIC project file held does not state if Opportunity International were engaged by tender.
(d) There is no deadline for applications under the Business Development Programme
(e) None.
(f) No. The original feasibility was undertaken as micro credit was seen as a gap in the services delivered to Indigenous people by all financial institutions
(g) One application for received while the programme was in DEWR
(h) Application assessed by the relevant IBDP team including an assessment by the Manager, Micro Finance, reviewed by the Assistant Secretary 29 October 2004 and the application was approved by the Deputy Secretary as IBDP was part of DEWR at time of approval.
(i) Ministerial approval not required under grant funding from the IBDP
(j) Not applicable
(k) At the time of the decision the programme was still located within DEWR, therefore the directors of IBA were not involved in this process
(l) Not applicable

(2) (a) 30 August 2004. (b) 29 October 2004. (c) $1,222,744 (GST exclusive).
(3) The pilot is testing three distinct areas being Sydney (at two sites Redfern and Mt Druitt), Cape York and Northern NSW (Grafton)
(4) The contract commenced on 1/12/04. The Grafton Many Rivers Office was already established under the original pilot and continued under this project.

The Sydney MED commenced immediately as Hillsong Emerge were already doing their own MED work there and the Cape York pilot commenced in March 2005. The pilot end date was originally 31 October 2005 however it was extended to 31 December 2005.
(5) Loan size upper limits - 1st Loan $4,000, 2nd Loan $7,000, 3rd Loan $10,000, 4th Loan $15,000 - The average size of the initial loans is $2,631 with second loans averaging $2,852 in size.

(6) Loans are generally used to assist to grow existing Micro Businesses although assistance to start up new micro businesses can also be provided. Loans are typically used to enhance small business ideas such as assisting a local artist to purchase moulds, paints and inventory to sustain and grow the art business; purchase of a vehicle to assist a worm farmer distribute produce to local fish tackle shops; and purchase of materials and supplies for a group of Indigenous women who produce hand-painted silk scarves.

(7) The pilot sites employ a Business Development Officer/s and MED Loan Officer to provide one on one service to potential clients. MED methodology is based on the strength of the relationship with the MED officers.

(8) The current program is named the Hillsong Emerge Micro Enterprise Development (MED) program. Delivery of the pilot in Cape York is through a partnership with Balkanu Cape York Development Corporation. The Grafton pilot commenced by Opportunity International (OI) was known as Many Rivers Opportunities.

(9) Hillsong run the MED in Sydney through the HE Enterprise Hubs located in Redfern and Mt Druitt. The Cape York pilot is in partnership with Balkanu Cape York Development Corporation and the pilot runs out of their premises. The Grafton office was established through OI in the original pilot.

(10) Yes.

(11) (a) 12 Staff undertake activities for this project plus 2 staff (CEO and Manager Enterprise Development) who also work on other activities. (b) 14 Staff. (c) Full time however the contribution to HEs CEO’s salary is part funded from this project, part funded from the Enterprise Hub project and part funded from HE’s own funds. (d) Sydney 7 staff, Grafton 5 staff and Cape York 2 staff.

(12) (a) 4 (28%). (b) Full-time. (c) Yes.

(13) As at September 2005 there were 127 loans written with 93 borrowers in total (Many Rivers 79, Sydney 6 and Cape York 8). Of the original 93 borrowers some have gone on to take out one or more additional MED loans. The total value of the loans was $362,673 giving an average loan size of $2,856.

(14) (a) 13% per annum. (b) simple loan terms are applied (small application fee of $30, satisfactory credit report, loans are unsecured but a guarantee can be requested).

(15) (a) The total funding under the contract allows the project to be operational until 31 December 2005. (b) (i) Staff costs $560,951, (ii) Administrative costs $661,793, (c) $315,000 for Sydney, $434,000 for Grafton and $351,000 for Cape York plus $122,000 for administration. (d) (i) $280,000 for loan funds was provided with a regional split of $55,000 Sydney, $150,000 for Grafton and $75,000 for Cape York. (ii) No new funding has been approved in 2005/06 however funding under existing contract was extended to 31 December 2005 from surplus as at 30 June 2005.

(16) (a) and (b) The following is a list of evaluations of MED including published dates and location of evaluations.
- Goodwin-Groen, Ruth (March 2004) Many Rivers Opportunities Project Evaluation Report,
- Stanley, Owen (James Cook University) and Bromley, Mark (Opportunity International), (May 2004) The Long Term Benefits of MED with Indigenous Australians in a developed Country: Opportunity International’s program with Indigenous Australians,
- Opportunity International (May 2003) Many Rivers Opportunities, Mid Term Evaluation,
First Australians Business
(Question No. 1432)

Senator Chris Evans asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 8 December 2005:

First Australians Business
(Question No. 1432)
With reference to page 68 of the Indigenous Business Australia’s (IBA) annual report for 2004-05, which lists the major economic development initiatives funded by the IBA and also states that First Australians Business Ltd (FAB) received $600 000 to ‘conduct 26 three-day Enterprise Development Workshops throughout Australia and provide information to Indigenous business aspirants on the steps necessary to get into business and link them with available or appropriate business support services’:

(1) (a) What was the date or dates of FAB’s application for funding and when was the grant approved; and
   (b) what was the amount requested in the funding application/proposal.

(2) (a) Under which program was this funding application made;
   (b) when were the grants and tender advertised;
   (c) where was it advertised;
   (d) what was the deadline for applications;
   (e) how many applications were received;
   (f) how many applications specifically related to business development support;
   (g) who assessed the applications;
   (h) did the Minister receive any advice in relation to the applications; if so, when was the advice received;
   (i) what was the nature and extent of the Minister’s involvement in the assessment and decision-making process;
   (j) were the IBA directors advised on the major grants; and
   (k) did the majority of directors approve all major grants; if not, which ones were not approved.

(3) (a) How many FAB staff are paid under the grant; and (b) do they work full-time or part-time.

(4) (a) How many Indigenous people work on this initiative;
   (b) do these Indigenous people work for FAB or are they otherwise renumerated from the funding grant; and
   (c) do they work full-time or part-time.

(5) Are the presenters of the workshops Indigenous; if so, what percentage of the workshop presenters are Indigenous.

(6) (a) Where was each workshop located, in chronological order;
   (b) how many people attended each workshop; and (c) how many requests for business mentoring arose from each workshop.

(7) With reference to the funding of $600 000:
   (a) over what period of time is this funding is to be spent;
   (b) what is the amount of money allocated for:
      (i) FAB’s staff, and
      (ii) administration costs, including, but not limited to, project coordinators’ wages/superannuation, contract management, administration/reception, information technology/communications, insurance, audit and evaluation;
   (c) in relation to (7)(b) above, what is the amount of money spent to date;
   (d) what is the average amount of money spent holding one of the 3-day workshops; if there is variation in the workshop costs, what is the most expensive workshop and the location of that workshop; and
(e) what are the amounts of any new funding to this initiative for the 2005-06 financial year, broken down as in (7)(a), (b) and (c) above.

(8) Have any evaluations of the initiative been conducted to date; if so:
(a) when and where did the evaluations take place;
(b) who conducted the evaluations;
(c) what were the performance indicators; and
(d) was any feedback from the Indigenous clients and community sought as part of the evaluations; if so, can any evaluation reports in relation to this initiative be provided.

(9) If no evaluations were conducted to date, when is the expected start date and reporting date of evaluations.

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

(1) (a) Received 26 July 2004 and approved 10 August 2004.
(b) $242,000 comprising $220,000 plus $22,000 GST.

(2) (a) The funding was sought from the Indigenous Business Development Programme (IBDP) originally located within ATSIC/ATSIS, and later transferred to DEWR and finally IBA.
(b) The IBDP is predominantly a commercial loan programme and is available throughout the year and therefore does not have a deadline for receiving funding applications, rather the programme considers all applications on their merit with regard to the criteria and programme objectives. With regard to Economic Development Initiatives (EDI) activities, where possible the programme tries to align funding to a financial year.
(c) Not applicable
(d) Not applicable.
(e) For the provision of this type of service one application was received. However, during 2004-05 a total of 37 applications for EDI activities was received by the IBDP.
(f) 37
(g) Application assessed by the relevant IBDP team including an assessment by the Senior Programme Funding Officer, a review by the Manager Business Funding and approval at the Assistant Secretary level when part of DEWR.
(h) No. Minister approval not required under grant funding from the IBDP.
(i) Not applicable
(j) At the time of the decision the programme was still located within DEWR, therefore the directors of IBA were not involved in this process.
(k) Not applicable.

(3) (a) First Australians Business (FAB) employ a total of 7 staff, who undertake a variety of activities including the provision of these workshops.
(b) Full-time.

(4) (a) 6
(b) The 6 Indigenous staff work for FAB. A portion of grant funds are paid as wages to the Indigenous staff for the work they perform on the Enterprise Development Workshops.
(c) Full-time

(5) 6 Indigenous, 1 non-Indigenous presenter, 85% of workshop presenters are Indigenous;

QUESTIONS ON NOTICE
(6) Workshop details:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Number of Participants</th>
<th>Requests for business mentoring from Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.07.07 to 30.07.04</td>
<td>* Ballina/Lennox Head</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>25.08.04 to 27.08.04</td>
<td>Nambour</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>13.09.04 to 15.09.04</td>
<td>St George, Qld</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>20.09.04 to 22.09.04</td>
<td>*Bendigo</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>29.09.04 to 01.10.04</td>
<td>Rockhampton</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>24.10.04 to 30.10.04</td>
<td>*Mt Tamborine</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td>15.11.04 to 17.11.04</td>
<td>*Dubbo/Conamble</td>
<td>35</td>
<td>3</td>
</tr>
<tr>
<td>29.11.04 to 01.12.04</td>
<td>Brisbane</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>02.02.05 to 04.02.05</td>
<td>Sydney</td>
<td>19</td>
<td>2</td>
</tr>
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<td>*Mt Gambier, SA</td>
<td>10</td>
<td>0</td>
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<td>14.02.05 to 16.02.05</td>
<td>Hervey Bay</td>
<td>12</td>
<td>0</td>
</tr>
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<td>14.02.05 to 16.02.05</td>
<td>Atherton</td>
<td>10</td>
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<td>02.03.05 to 04.03.05</td>
<td>*Queanbeyan</td>
<td>10</td>
<td>0</td>
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<tr>
<td>21.03.05 to 23.03.05</td>
<td>Mt Isa</td>
<td>14</td>
<td>4</td>
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<tr>
<td>06.04.05 to 08.04.05</td>
<td>Longreach</td>
<td>6</td>
<td>2</td>
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<tr>
<td>20.04.05 to 22.04.05</td>
<td>Bundabury</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>27.04.05 to 29.04.05</td>
<td>Townsville*</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>02.05.05 to 04.05.05</td>
<td>*Alice Springs</td>
<td>19</td>
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<tr>
<td>20.05.05 to 22.05.05</td>
<td>Bundaberg</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>25.05.05 to 27.05.05</td>
<td>*Ceduna</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>25.05.05 to 27.05.05</td>
<td>Illawarra/Wollongong</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>06.06.05 to 08.06.05</td>
<td>Cairns</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>15.06.05 to 17.06.05</td>
<td>Kalgoorlie,WA</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>26.06.05 to 29.06.05</td>
<td>*Darwin</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>26.06.05 to 29.06.05</td>
<td>Cooktown</td>
<td>20</td>
<td>8</td>
</tr>
</tbody>
</table>

(7) The initial funding application was for $220,000 (GST inclusive $242,000) comprising delivery of 8 three day Discovering Enterprise Workshops ($20,000 each), one four day Implementing Enterprise Workshop ($30,000) and a contribution of $30,000 towards the annual Enterprise Development Workshop being a total of 10 workshops. Given the initial success rate of the workshops conducted, Regional Office staff requested additional workshops be conducted to assist Indigenous enterprise growth. An agreement was reached with FAB whereby they would deliver Discovering Enterprise Workshops for $20,000 based on 20 attendees. The additional workshops requested have been invoiced and paid out of Business Support funds.

(a) 12 October 2004 to 30 June 2005, 9 months.

(b) The Program Funding Agreement allows for the full $220,000 to be utilised for the purpose of delivering workshops. To be more specific a 3 day Discovering Enterprise workshop costing $20,000 would incorporate costs as follows:-

(i) FAB staff - $4,000 (20%)
(ii) Administration costs - $16,000 (80%)

(c) $600,000 ($380,000 in business support and $220,000 under the Program Funding Agreement

(d) The average 3 day workshop costs $21,488; The most expensive workshop is Kalgoorlie, WA
(e) FAB funding for Discovering Enterprise Workshops for the period 1 July 2005 to 30 June 2006 is $1,064,900. This comprises $117,400 for salaries and $947,500 for Workshop delivery. To date, $672,674 has been released to FAB.


(b) Senior Programme Funding Officer

(c) Performance indicators were:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants attending workshops</td>
<td>200</td>
</tr>
<tr>
<td>Mentoring applications received</td>
<td>100</td>
</tr>
<tr>
<td>Small business start-ups</td>
<td>40</td>
</tr>
</tbody>
</table>

(d) FAB receives an evaluation of the workshop from each participant. In addition, the IBA Senior Economic Development Officer in each region attends the workshops and seeks feedback from the clients. A workshop evaluation report is provided to National Office.

(9) Not applicable

East Timor
(Question No. 1435)

Senator Bob Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 8 December 2005:

(1) With reference to the $65 000 grant to the East Timorese non-government organisation, Forum Tau Matan, announced by the Minister on 10 December 2004: (a) can the Minister confirm that funding was withdrawn from this group for signing a press release which was perceived to be critical of the Government; (b) what were the reasons for the withdrawal of funding; and (c) what AusAID guidelines were applied.

(2) Given AusAID has advised that ‘because Forum Tau Matan was denied funding, AusAID must be consistent and not fund other organisations that signed the same press release’, will this need for consistency prejudice the chances for future AusAID funding of the 13 other organisations that signed the press release.

Senator Coonan—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) (a) Yes.

(b) The decision to withdraw funding from the Forum Tau Matan project took into account Forum Tau Matan’s public criticism of Australia. As the organisation had already incurred some expenses in the expectation of Australian funding, some financial assistance was provided to cover reasonable costs incurred.

(c) The Human Rights Small Grants Scheme (HRGS) guidelines were applied in the Forum Tau Matan case.

Under Part A of the HRGS guidelines, it is stated that “Support will NOT be provided for proposals that seek funding for:”

Activities that are determined reasonably to be contrary to the interests of the Commonwealth of Australia.

(2) AusAID has never issued such advice. The concerns raised by Senator Brown regarding 12 other NGOs are inaccurate. All Australian government funding decisions are made on a case-by-case basis and in accordance with the guidelines governing Australia’s various funding mechanisms. The
Australian Government recognizes the invaluable role that indigenous NGOs play in developing a strong and vibrant civil society. East Timorese NGOs will continue to be able to access grant funding on a case-by-case basis through the various available funding mechanisms.

**Illegal Entry Vessels**

*(Question No. 1445)*

Senator Ludwig asked the Minister representing the Minister for Defence, upon notice, on 8 December 2005:

For each of the financial years 2002-03 to 2004-05 to date:

1. How many Suspected Illegal Entry Vessels (SIEV) have been detected in Australian waters.
2. How many SIEV were first detected by: (a) the Australian Defence Force (ADF); (b) other federal agencies; (c) state or local government; and (d) other non-government agencies.
3. For each SIEV: (a) on what date was the entry detected; (b) how many SIEVs were detected in each entry; (c) how did the ADF detect the SIEV (i.e. aerial surveillance, reports from another government agency, reports from an individual, any other manner); (d) where the SIEV was detected; (e) did the ADF intercept the SIEV; (f) on what date was the SIEV intercepted; (g) were any other agencies involved in the interception of the SIEV; if not, why not; and if not, was another government agency able to intercept the SIEV; (h) was the SIEV impounded or turned around; (i) what was the number of persons on the SIEV; (j) what was the number of persons detained from the SIEV; (k) what was the number of persons who have had criminal charges brought against them and what were the number and nature of the charges; (l) how many of those charges resulted in a prosecution; (m) how many prosecutions resulted in a successful conviction and what was the sentence; (n) if the SIEV was impounded: (i) has it been released, (ii) has it been destroyed, or (iii) is it still impounded; (o) if it was released, to whom; and (p) if it was not impounded, what was done with the SIEV after it had been intercepted.

Senator Ian Campbell—The Minister for Defence has provided the following answer to the honourable senator’s question:

1. 2002-03 – none.
   2003-04 – three.
   2005-06 to 8 December 2005 – one.
2. 2002-03 - not applicable.
   2003-04 - (a), (b) and (d) – none. (c) one.
   2004-05 - not applicable.
   2005-06 - (a), (b), (c) and (d) – none.
3. (a) 1 July 2003.
   (b) One.
   (c) Report from State Government Statutory Authority.
   (d) Waters off Port Hedland.
   (e) No.
   (f) 1 July 2003.
   (g) Defence and Customs.
   (h) Impounded.
(i) and (j) 56.

(k) Three individuals were each charged with an offence relating to the bringing/harbouring an illegal immigrant under section 232A of the Migration Act 1958.

(l) All.

(m) In March 2004, two of the three were convicted in relation to the arrival of this vessel. The second was found Not Guilty. In March 2005, the convictions of the first two men were quashed on appeal. In October 2005, the retrial of the two men was conducted. One was found Not Guilty and there was a hung jury for the other.

(n) Destroyed.

(o) and (p) Not applicable.

(a) 4 November 2003.

(b) One.

(c) Report from an individual.

(d) Melville Island.

(e) No.

(f) 4 November 2003.

(g) Customs only.

(h) Turned around.

(i) and (j) 18.

(k) No charges.

(l) (m), (n), (o) and (p) Not applicable.

(a) 4 March 2004.

(b) Not applicable.

(c) Not found.

(d) Ashmore Islands.

(e) No.

(f) Not applicable.

(g) Defence and Customs.

(h) Vessel disembarked persons and departed Australian Exclusive Economic Zone.

(i) Total number of persons, including crew, unknown.

(j) 15.

(k) No charges.

(l) (m), (n), (o) and (p) Not applicable.

(a) 5 November 2005.

(b) One.

(c) Report from an individual.

(d) North of Cape Londonderry.

(e) No.

(f) 5 November 2005.

(g) Defence and Customs.
(h) Impounded.
(i) and (j) Seven.
(k) No charges.
(l) and (m) Not applicable.
(n) Destroyed.
(o) and (p) Not applicable.

Aged Care  
(Question No. 1450)  

Senator McLucas asked the Minister for Ageing, upon notice, on 16 December 2005:
(a) How many operational residential aged care beds in Australia are not used; and (b) by aged care planning region, where are those beds located.

Senator Santoro—The answer to the honourable senator’s question is as follows:
(a) On 30 June 2005, 2,498 places that were technically operational under section 15-1 of the Aged Care Act 1997 were off-line.

Note that off-line places, while technically operational, are not included in the operational ratio figures quoted.
(b) On 30 June 2005, the 2,498 places that were off-line were distributed among aged care planning regions as follows.

<table>
<thead>
<tr>
<th>State</th>
<th>Planning region</th>
<th>No. of operational places not utilised on 30 June 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>Central Coast</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Central West</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Far North Coast</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Hunter</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>Illawarra</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Inner West</td>
<td>161</td>
</tr>
<tr>
<td></td>
<td>Mid North Coast</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Nepean</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>New England</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Northern Sydney</td>
<td>159</td>
</tr>
<tr>
<td></td>
<td>Orana Far West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Riverina/Murray</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>South East Sydney</td>
<td>282</td>
</tr>
<tr>
<td></td>
<td>South West Sydney</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>Southern Highlands</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Western Sydney</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>NSW TOTAL</td>
<td>985</td>
</tr>
<tr>
<td>VIC</td>
<td>Barwon-South Western</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Eastern Metro</td>
<td>174</td>
</tr>
<tr>
<td></td>
<td>Gippsland</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Grampians</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>Hume</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Loddon-Mallee</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Northern Metro</td>
<td>92</td>
</tr>
<tr>
<td>State</td>
<td>Planning region</td>
<td>No. of operational places not utilised on 30 June 2005</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>VIC</td>
<td>Southern Metro</td>
<td>310</td>
</tr>
<tr>
<td></td>
<td>Western Metro</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>VIC TOTAL</td>
<td>867</td>
</tr>
<tr>
<td>QLD</td>
<td>Brisbane North</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>Brisbane South</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Cabool</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Central West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Darling Downs</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Far North</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Fitzroy</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Logan River Valley</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Mackay</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>North West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Northern</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>South Coast</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>South West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Sunshine Coast</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>West Moreton</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Wide Bay</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>QLD TOTAL</td>
<td>290</td>
</tr>
<tr>
<td>SA</td>
<td>Eyre Peninsula</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Hills, Mallee &amp; Southern</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Metropolitan East</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Metropolitan North</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Metropolitan South</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Metropolitan West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Mid North</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Riverland</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>South East</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Whyalla, Flinders &amp; Far North</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Yorke, Lower North &amp; Barossa</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>SA TOTAL</td>
<td>57</td>
</tr>
<tr>
<td>WA</td>
<td>Goldfields</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Great Southern</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Kimberley</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Metropolitan East</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Metropolitan North</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Metropolitan South East</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Metropolitan South West</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>Mid West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Pilbara</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>South West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>South West</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Wheatbelt</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>WA TOTAL</td>
<td>280</td>
</tr>
</tbody>
</table>
Aged Care

(Question No. 1452)

Senator McLucas asked the Minister for Finance and Administration, upon notice, on 16 December 2005. The Minister for Ageing has agreed to respond on his behalf:

(1) For the past 5 years, what has been the percentage and total amount of the value of Commonwealth Own Purpose Outlays indexation to aged care subsidies.

(2) When will the Government make arrangements for the indexation of aged care subsidies for 1 July 2006.

Senator Santoro—The answer to the honourable senator’s question is as follows:

(1) The table below shows the indexation percentage and value applied each financial year, over the past five years for Commonwealth Own Purpose Outlays payments for aged care subsidies under the Aged Care Act 1997 (including Department of Veterans’ Affairs).

<table>
<thead>
<tr>
<th>Indexation</th>
<th>%</th>
<th>$million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>2.1</td>
<td>76.8</td>
</tr>
<tr>
<td>2001-2002</td>
<td>2.3</td>
<td>90.5</td>
</tr>
<tr>
<td>2002-2003</td>
<td>2.4</td>
<td>100.8</td>
</tr>
<tr>
<td>2003-2004</td>
<td>2.2</td>
<td>98.8</td>
</tr>
<tr>
<td>2004-2005</td>
<td>2.0</td>
<td>98.5</td>
</tr>
<tr>
<td>TOTAL OVER 5 YEARS</td>
<td>465.3</td>
<td></td>
</tr>
</tbody>
</table>

(2) This matter is under consideration.

Commonwealth Carelink Centres

(Question No. 1454)

Senator McLucas asked the Minister for Ageing, upon notice, on 16 December 2005:

With reference to Commonwealth Carelink Centres, the Australian Institute of Health and Welfare report, Australia’s welfare 2005, stated that 65 shopfronts and more than 90 access points such as free phones in rural and remote localities received 235,000 contacts, including phone calls, visits, e-mails
and facsimiles: in relation to the total contact figure can a break down be provided for each of the following groups: (a) shopfronts: (i) phone calls, (ii) visits, (iii) e-mails, and (iv) facsimiles; and (b) the number of phone calls from free phones in remote localities.

Senator Santoro—The answer to the honourable senator’s question is as follows:

Breakdown of Total Client Contacts by Type of Contact from 1 July 2004 to 30 June 2005

<table>
<thead>
<tr>
<th>Type of contact</th>
<th>No. of Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email/fax</td>
<td>6,000</td>
</tr>
<tr>
<td>Mail</td>
<td>1,000</td>
</tr>
<tr>
<td>Other (1)</td>
<td>34,000</td>
</tr>
<tr>
<td>Phone (2)</td>
<td>161,000</td>
</tr>
<tr>
<td>Walk in</td>
<td>33,000</td>
</tr>
<tr>
<td>Total</td>
<td>235,000</td>
</tr>
</tbody>
</table>

Note:
(1) “Other” includes: group presentations, trade shows, on-site visits, etc.
(2) Includes phone calls from free phones in remote localities which are not separately recorded by the department.

Solomon Islands
(Question No. 1458)

Senator Nettle asked the Minister representing the Minister for Foreign Affairs, upon notice, on 19 December 2005:

(1) Who is responsible for appointing magistrates in the Solomon Islands to deal with the previous troubles.
(2) Has a magistrate been appointed outside Honiara; if so, where.
(3) Is the Regional Assistance Mission to Solomon Islands (RAMSI) required to help track down:
   (a) caches of weapons on islands such as Malaita; if so, has RAMSI searched for and found any weapons on Malaita; and
   (b) previous or current members of the Malaita Eagle Force now on Malaita; if so, what success has been achieved, particularly in places such as Malu’u, in arresting such members.

Senator Coonan—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) (2), (3) (a) Answers to these sub-questions were provided in our response to question No. 1341 (Senator Brown) which was tabled on 1 December 2005.
(3) (b) There are no current members of the Malaita Eagle Force, as the organisation was disbanded under the provisions of the Townsville Peace Agreement, signed in October 2000. Any remaining organisational structure and activity was comprehensively broken up through the arrival of RAMSI in 2003.

The answer to this question in relation to previous members of the Malaita Eagle Force was provided in our response to question No. 1341 (Senator Brown) which was tabled on 1 December 2005.

Generation IV International Forum Programs
(Question No. 1460)

Senator Siewert asked the Minister representing the Minister for Education, Science and Training, upon notice, on 5 January 2006:
With reference to the article ‘Reactor in sight’ in The Australian of 11 November 2005:

(1) Who initiated the idea of the Australian Nuclear Science and Technology Organisation (ANSTO) joining the American Generation IV or Generation IV International Forum (GIF) programs and, specifically, was it a government or an agency initiative.

(2) Were any approaches made to ANSTO or the Government by any other party which sought to encourage Australia to sign up to the Generation IV or GIF programs: if so, by whom and when.

(3) Given the huge budgets of the Generation IV and GIF research and development programs (at minimum, $11.5 billion) for the period 2000-2020, what are the financial implications for the federal budget of joining either of these programs.

(4) Has the Minister given any instructions to ANSTO in relation to joining the American-led Generation IV or GIF programs.

(5) Does the Minister consider that investigating gas cooled fast reactor, lead cooled fast reactor, molten salt reactor, sodium-cooled fast reactor, supercritical-water-cooled reactor or very high temperature reactor systems is an expensive gamble; if not, why not.

(6) With respect to the six old and new technologies to be researched and developed by the Generation IV and GIF programs which technology does the Minister or ANSTO favour, or will be concentrated on, in a research and development capacity.

**Senator Vanstone**—The Minister for Education, Science and Training has provided the following answer to the honourable senator’s question:

(1) ANSTO, consistent with its legislative mandate.

(2) The subject of possible involvement in GIF programs by ANSTO has been the subject of informal discussions between ANSTO staff and United States Department of Energy representatives.

(3) None.

(4) No.

(5) No. Nuclear power is a vital source of electricity generation that is used and accepted in many parts of the world.

(6) I do not favour any particular technology. ANSTO is considering contributing to research into the gas-cooled and lead-cooled fast reactor technologies.

**Ansett Australia: Employee Entitlements**

(Question No. 1461)

**Senator O’Brien** asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 5 January 2006:

(1) By year since the inception of the Special Employee Entitlement Scheme for Ansett Group Employees (SEESA), what payments have been made to SEES Pty Ltd to assist it to meet its obligations in respect of money borrowed for the purpose of making payments under SEESA.

(2) By year, what has been paid under SEESA to former Ansett employees.

(3) By year, what funding was collected by the Government through the Ansett ticket tax.

(4) What is the quantum of outstanding entitlements owed to former Ansett employees.

(5) By payment type and year, what funds advanced through SEESA have been repaid to the Government by the Ansett administrators.

(6) With reference to the Minister’s statement of 12 December 2005 that the fourth dividend payment is the result of ‘better than expected returns on asset sales’: (a) what return on asset sales did the Government expect; (b) what was the source of information on which this expectation was
founded; and (c) when did the actual return of asset sales become known to the Minister, his office or the department.

(7) (a) When was the Minister, his office or the department made aware that the fifth dividend payment to creditors is likely to include a $29 million payment to the Government; and (b) what is the source of this information.

(8) By payment type and year, what further payments does the Government expect to receive from the Ansett administrators.

(9) (a) What interest rate has been applied to the repayment of funds advanced through SEESA; (b) how was the rate determined; (c) by year, how much interest has the Government received; and (d) has the interest rate varied; if so, when and why.

(10) Disaggregated by year, what is the total cost associated with the administration of SEESA, including fees, commissions or contract payments made to SEES Pty Ltd.

(11) When was the Minister, his office or the department made aware of the intention to wind-up SEES Pty Ltd; and (b) what is the source of this information.

(12) When was SEES Pty Ltd placed under external administration.

**Senator Abetz**—The Minister for Employment and Workplace Relations has provided the following answer to the honourable senator’s question:

(1) Payments made to SEES Pty Ltd to assist it in meeting its obligations in respect of money borrowed for the purpose of making payments under SEESA:

<table>
<thead>
<tr>
<th>Year</th>
<th>Departmental payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>2002-03</td>
<td>$96,000,000</td>
</tr>
<tr>
<td>2003-04</td>
<td>$80,000,000</td>
</tr>
</tbody>
</table>

(2) SEESA payments to former Ansett employees:

<table>
<thead>
<tr>
<th>Year</th>
<th>SEESA payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$300,233,858.89</td>
</tr>
<tr>
<td>2002-03</td>
<td>$35,490,640.41</td>
</tr>
<tr>
<td>2003-04</td>
<td>$5,618,595.52</td>
</tr>
<tr>
<td>2004-05</td>
<td>$40,545,021.39</td>
</tr>
<tr>
<td>2005-06 to 31 Dec 05</td>
<td>$826,527.09</td>
</tr>
</tbody>
</table>

(3) The Department of Transport and Regional Services has advised the Air Passenger Ticket Levy collected the following amounts:

<table>
<thead>
<tr>
<th>Year</th>
<th>Ticket Levy totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$112,605,000</td>
</tr>
<tr>
<td>2002-03</td>
<td>$169,479,000</td>
</tr>
<tr>
<td>2003-04</td>
<td>$4,307,000</td>
</tr>
</tbody>
</table>

(4) All terminated Ansett employees have received 100% of their outstanding SEESA entitlements. Where former employees have entitlements in excess of the assistance already provided by the Australian Government under SEESA, their entitlements remain the responsibility of the Ansett Administrators.

(5) The Ansett Administrators have made the following repayments on SEESA advances. All repayments have been made in the form of dividend payments.
Year Dividend totals
2003-04 $172,808,762.73
2004-05 $80,419,911.99
2005-06 to 31 Dec 05 $17,591,375.70
(6) (a), (b) and (c) The Minister’s statement reflects advice from the Administrators on 8 December 2005 that asset sales realised $8m more than expected.
(7) (a) 8 December 2005, (b) The Ansett Administrators.
(8) The timing and amount of further payments to the Commonwealth depends on a range of factors including the settlement of legal disputes, asset sales and the outcome of the Administrators’ pooling application.
(9) (a), (b) and (c) The SEESA arrangements do not provide for interest charges on advances.
(10) Total administrative costs associated with SEESA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Administration costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$3,313,211</td>
</tr>
<tr>
<td>2002-03</td>
<td>$9,914,467</td>
</tr>
<tr>
<td>2003-04</td>
<td>$1,217,867</td>
</tr>
<tr>
<td>2004-05</td>
<td>$53,696,674</td>
</tr>
<tr>
<td>2005-06 to 31 Dec 05</td>
<td>$148,464</td>
</tr>
</tbody>
</table>

(11) In accordance with the Deed of Undertaking between the Department and SEES Pty Ltd dated 21 June 2002, SEES Pty Ltd was obliged to wind up the company following termination of the service delivery contract between it and the Commonwealth. The Department notified SEES Pty Ltd on 30 June 2005 that it was terminating the contract effective from the notification date.
(12) 4 August 2005.

Minister for Transport and Regional Services: Overseas Travel
(Question No. 1482)

Senator O’Brien asked the Minister representing the Special Minister of State, upon notice, on 18 January 2006:
With reference to the overseas trip taken by the Minister for Transport and Regional Services in January 2006:
(1) What total travel costs and other associated expenses, if any, were met by the department in respect to the Minister, his staff and family.
(2) For each expenditure item, what were the costs for: (a) the Minister; (b) the Minister’s staff; and (c) the Minister’s family.
(3) What other costs in relation to the trip, if any, were met by the Department of Finance and Administration.

Senator Abetz—The Special Minister of State has supplied the following answer to the honourable senator’s question.
(1) The total travel costs met by the Department for the Minister, his spouse and his Senior Adviser for this overseas trip total $29,672.42.
(2) to (3) Outlined below are the individual expenditure items and other costs in relation to the trip met by the Department of Finance and Administration.

QUESTIONS ON NOTICE
## QUESTIONS ON NOTICE

Minister Spouse  Senior Adviser  Total

<table>
<thead>
<tr>
<th></th>
<th>Minister</th>
<th>Spouse</th>
<th>$ 652.74</th>
<th>Senior Adviser</th>
<th>$8652.74</th>
<th>$25958.22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfare</td>
<td>$8652.74</td>
<td>$8652.74</td>
<td>$8652.74</td>
<td></td>
<td></td>
<td>$25958.22</td>
</tr>
<tr>
<td>Accommodation</td>
<td>$504.00*</td>
<td></td>
<td>$547.87</td>
<td></td>
<td></td>
<td>$1051.87</td>
</tr>
<tr>
<td>Other costs (meals, laundry and room costs)</td>
<td>$1917.82*</td>
<td></td>
<td>$744.51</td>
<td></td>
<td></td>
<td>$2662.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11074.56</td>
<td>$8652.74</td>
<td>$9945.12</td>
<td></td>
<td></td>
<td>$29672.42</td>
</tr>
</tbody>
</table>

* Spouse-related expenditure also included.

### Ethanol

**(Question No. 1485)**

Senator O’Brien asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 18 January 2006:

1. For each of the financial years 2004-05 and 2005-06 to date, what amount has been expended on ethanol production subsidies.
2. For each company that has received a subsidy:
   (a) under what program has the subsidy been paid;
   (b) what was the amount of subsidy paid;
   (c) what volume of subsidised ethanol has been produced;
   (d) what feedstock has been used to produce the subsidised ethanol;
   (e) where are the company’s ethanol production facilities located;
   (f) has the subsidy resulted in increased production; if so, can this increased production be quantified; and
   (g) how has the Government audited the subsidised production.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

1. **Financial Year**  **Amount**
   - 2004-05  $8,645,987
   - 1/7/05 to 31/12/05  $5,723,542
   - **Total**  **$14,369,529**

2. (a) All companies have been paid under the Ethanol Production Grant Program.
   (b) **Company**  **Amount Paid**
      - Manildra  $12,147,616
      - CSR  $1,736,094
      - Schumer (Rocky Point)  $485,819
      - **Total**  **$14,369,529**
   (c) **Company**  **Volume Produced**
      - Manildra  31,847,564 L
      - CSR  4,551,540 L
      - Schumer (Rocky Point)  1,273,679 L
      - **Total**  **37,672,782 L**
(d) Manildra produces ethanol from wheat starch. CSR and Schumer (Rocky Point) both produce ethanol from C Molasses.

(e) 

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
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<tbody>
<tr>
<td>Manildra</td>
<td>Bomaderry (NSW)</td>
</tr>
<tr>
<td>CSR</td>
<td>Sarina (QLD)</td>
</tr>
<tr>
<td>Schumer (Rocky Point)</td>
<td>Woongoolba (QLD)</td>
</tr>
</tbody>
</table>

(f) No. Production of ethanol between 1 July 2005 and 31 December 2005 has increased by approximately 44 per cent to 15,005,485 litres when compared to the corresponding period in the 2004/05 financial year. However, ethanol production in the period 1 September 2002 to 30 June 2003 was 56,846,446 litres. Ethanol production in the 2003/04 and 2004/05 financial years was 28,532,250 litres and 22,667,297 litres respectively.

(g) The Government has a number of procedures in place to protect itself from fraudulent claims. Each time a producer submits a claim they are contractually required to provide evidence that the ethanol has been produced in Australia from biomass feedstock, entered for home consumption and that fuel excise has been paid.

In support of their application, producers must attach a copy of the Australian Taxation Office Excise Return form that deals with the entry into home consumption of the ethanol for which funding is being claimed and evidence of the electronic funds transfer for the Duty paid on the ethanol referred to in the Excise Return form.

The Department of Industry, Tourism and Resources also receives Australian Taxation Office (ATO) statements from producers on the amount of excise paid on fuel ethanol. This information allows the Department to acquit the grants paid under the Ethanol Production Grant with ATO excise records.

The funding agreement between the Commonwealth and the ethanol producers enables the Department to audit and inspect records pertaining to claims for the Ethanol Production Grant and the equipment and facilities used to produce the fuel ethanol at any time.

Pacific Highway

(1) (a) The Australian Government will generally be providing half the total project cost for the development and construction of projects within the extended Pacific Highway upgrading programme. A greater contribution may be made to some projects. NSW will be meeting the full cost of some works including NSW expenditure in relation to the Tugun bypass project, maintenance and minor works, program, property and route management and the noise abatement program.
(b) The Australian Government contribution under AusLink to the Pacific Highway upgrading program through to 30 June 2009 is capped at $480 million.

(2) (a) The preferred route for the Sapphire to Woolgoolga project was announced by NSW on 7 December 2004.

(b) The preferred option for the Banora Point upgrade is yet to be finalised. I am advised that NSW hopes to finalise the route selection for this proposal by the middle of 2006.

Mr Bill Lowther

(Question No. 1560)

Senator Siewert asked the Minister representing the Minister for Education, Science and Training, upon notice, on 23 January 2006:

With reference to a visit to Australia by Bill Lowther, a non-executive director of British Nuclear Fuels Limited:

(1) Did the Minister, or anyone from the Minister’s office, meet with Bill Lowther; if so: (a) what was the nature of the meeting or meetings; (b) who attended any such meeting or meetings; and (c) when did any such meetings occur.

(2) Did anyone from the Australian Nuclear Science and Technology Organisation meet with Bill Lowther; if so: (a) what was the nature of the meeting or meetings; (b) who attended any such meeting or meetings; and (c) when did any such meetings occur.

Senator Vanstone—The Minister for Education, Science and Training has provided the following answer to the honourable senator’s question:

(1) No.

(2) No.

Tobacco Advertising

(Question No. 1561)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 23 January 2006:

With reference to an article published in the Herald Sun on 18 October 2004, reporting that the Premier of Victoria, Mr Steve Bracks, will ask for funds to compensate for the loss of revenue expected after September 2006 when exemptions for motor racing cease under the Tobacco Advertising Prohibition Act 1992:

(1) Has the Government been approached to provide compensation, subsidies or any other kind of assistance to replace tobacco advertising revenue for the Melbourne Formula One Grand Prix and/or the Phillip Island MotoGP; if so, can copies be provided of the correspondence or records; if not, why not.

(2) Has the Government considered providing revenue or assistance for this purpose; if so: (a) why; and (b) will it do so.

Senator Santoro—The Minister for Health and Ageing has provided the following answer to the honourable senator’s question:

(1) No.

(2) Not applicable.
North Coast Motorway
(Question No. 1564)

Senator O’Brien asked the Minister representing the Minister for Local Government, Territories and Roads, upon notice, on 25 January 2006:

With reference to the Memorandum of Understanding (MOU) between the Commonwealth and the State of New South Wales on the North Coast Motorway:

(1) On what date was the MOU signed.
(2) On what date was the working party agreed under the MOU established.
(3) How is the working party constituted.
(4) Will the working party’s consideration of tolling to accelerate completion of the motorway include consideration of the $70 toll for travel between Sydney and Brisbane proposed by the Deputy Prime Minister.
(5) When will the working party report to the Minister and his New South Wales counterpart.

Senator Ian Campbell—The Minister for Local Government, Territories and Roads has provided the following answer to the honourable senator’s question:

(1) 23 December 2005.
(2) The working party is expected to first meet in February 2006.
(3) The working party comprises senior officers of the Australian Government Department of Transport and Regional Services and Department of Finance and Administration, the NSW Roads and Traffic Authority and NSW Treasury.
(4) A range of tolling scenarios are likely to be considered as part of the funding and upgrading options for the motorway proposal.
(5) It is expected that the working party’s first major report will be provided toward the end of 2006.