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SITTING DAYS—2006

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RADIO BROADCASTS

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

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FORTY-FIRST PARLIAMENT
FIRST SESSION—SIXTH 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
## Members of the Senate

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<th>Senator</th>
<th>State or Territory</th>
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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.
(5) Chosen by the Parliament of South Australia to fill a casual vacancy vice Hon. Robert Murray Hill, 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
Minister for Trade and Deputy Prime Minister
Treasurer
Minister for Transport and Regional Services
Minister for Defence
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the House
Attorney-General
Minister for Finance and Administration, Leader of the Government in the Senate and Vice-President of the Executive Council
Minister for Agriculture, Fisheries and Forestry and Deputy Leader of the House
Minister for Immigration and Multicultural Affairs
Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues
Minister for Families, Community Services and Indigenous Affairs
Minister Assisting the Prime Minister for Indigenous Affairs
Minister for Industry, Tourism and Resources
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service
Minister for Communications, Information Technology and the Arts and Deputy Leader of the Government in the Senate
Minister for the Environment and Heritage

The Hon. John Winston Howard MP
The Hon. Mark Anthony James Vaile MP
The Hon. Peter Howard Costello MP
The Hon. Warren Errol Truss MP
The Hon. Dr Brendan John Nelson MP
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin
The Hon. Peter John McGauran MP
Senator the Hon. Amanda Eloise Vanstone
The Hon. Julie Isabel Bishop MP
The Hon. Malcolm Thomas Brough MP
The Hon. Ian Elgin Macfarlane MP
The Hon. Kevin James Andrews MP
Senator the Hon. Helen Lloyd Coonan
Senator the Hon. Ian Gordon Campbell

(The above ministers constitute the cabinet)
**HOWARD MINISTRY—continued**

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<th>Minister/Parliamentary Secretary</th>
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<td>Minister for Justice and Customs and Manager of Government Business in the Senate</td>
<td>Senator the Hon. Christopher Martin Ellison</td>
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<td>Minister for Fisheries, Forestry and Conservation</td>
<td>Senator the Hon. Eric Abetz</td>
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<tr>
<td>Minister for the Arts and Sport</td>
<td>Senator the Hon. Charles Roderick Kemp</td>
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<tr>
<td>Minister for Human Services</td>
<td>The Hon. Joseph Benedict Hockey MP</td>
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<tr>
<td>Minister for Community Affairs</td>
<td>The Hon. John Kenneth Cobb MP</td>
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<tr>
<td>Minister for Revenue and Assistant Treasurer</td>
<td>The Hon. Peter Craig Dutton MP</td>
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<tr>
<td>Special Minister of State</td>
<td>The Hon. Gary Roy Nairn MP</td>
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<tr>
<td>Minister for Vocational and Technical Education and Minister Assisting the Prime Minister</td>
<td>The Hon. Gary Douglas Hardgrave MP</td>
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<tr>
<td>Minister for Ageing</td>
<td>Senator the Hon. Santo Santoro</td>
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<tr>
<td>Minister for Small Business and Tourism</td>
<td>The Hon. Frances Esther Bailey MP</td>
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<tr>
<td>Minister for Local Government, Territories and Roads</td>
<td>The Hon. James Eric Lloyd MP</td>
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<tr>
<td>Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence</td>
<td>The Hon. Bruce Frederick Billson MP</td>
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<tr>
<td>Minister for Workforce Participation</td>
<td>The Hon. Dr Sharman Nancy Stone MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Finance and Administration</td>
<td>Senator the Hon. Richard Mansell Colbeck</td>
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<tr>
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<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>The Hon. Christopher Maurice Pyne MP</td>
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<td>The Hon. De-Anne Margaret Kelly MP</td>
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<td>The Hon. Andrew John Robb MP</td>
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<td>The Hon. Malcolm Bligh Turnbull MP</td>
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<td>Parliamentary Secretary to the Treasurer</td>
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<td>Parliamentary Secretary to the Minister for the Environment and Heritage</td>
<td>The Hon. Gregory Andrew Hunt MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry</td>
<td>The Hon. Sussan Penelope Ley MP</td>
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<tr>
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<td>The Hon. Patrick Francis Farmer MP</td>
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<tr>
<td>Parliamentary Secretary (Foreign Affairs)</td>
<td>The Hon. Teresa Gambaro MP</td>
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# SHADOW MINISTRY

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<td>The Hon. Kim Christian Beazley MP</td>
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<td>Jennifer Louise Macklin MP</td>
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<tr>
<td>Minister for Education, Training, Science and Research</td>
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<td>Leader of the Opposition in the Senate, Shadow</td>
<td>Senator Christopher Vaughan Evans</td>
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<tr>
<td>Minister for Indigenous Affairs and Shadow</td>
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<tr>
<td>Minister for Family and Community Services</td>
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<td>Shadow Minister for Health and Manager of Opposition Business in the House</td>
<td>Julia Eileen Gillard MP</td>
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<tr>
<td>Shadow Treasurer</td>
<td>Wayne Maxwell Swan MP</td>
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<td>Shadow Attorney-General</td>
<td>Nicola Louise Roxon MP</td>
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Wednesday, 10 May 2006

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

AUSTRALIAN BROADCASTING CORPORATION AMENDMENT BILL 2006

Second Reading

Debate resumed from 9 May, on motion by Senator Minchin:

That this bill be now read a second time.

Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (9.31 am)—I am continuing the remarks I commenced yesterday evening. The Australian Broadcasting Corporation Amendment Bill 2006 is intended to give effect to the abolition of the staff-elected director position as close as possible to the expiry of the term of the current staff-elected director. The abolition of the staff-elected director position has nothing to do with any particular individual—and I want to make that very clear. The fact that the restructure is taking place at the end of the current incumbent’s term and before the commencement of the next elected director’s term is a clear indication that this is not about individuals.

Senators from the other side have stated during this debate that the abolition of the staff-elected director will be likely to impact on the independence of the ABC. This assertion is incorrect. The removal of the staff-elected director will in no way impact on the independence of the ABC. In fact, the independence of the ABC is enshrined in legislation. Section 78(6) of the ABC Act states:

... the Corporation is not subject to direction by or on behalf of the Government of the Commonwealth.

Further, paragraph 8(1)(b) of the ABC Act makes it a duty of the board:

... to maintain the independence and integrity of the Corporation ...

Accordingly, it is the duty of all board members to maintain the ABC’s independence and integrity irrespective of the existence of a staff-elected director position. As I have stated previously, SBS does not have a staff-elected director and I am not aware of any substantial concerns that the SBS board has failed to maintain the independence and integrity of SBS as required by the corresponding provision in paragraph 10(1)(a) of the SBS Act.

One of the arguments raised by opposition senators in favour of retaining the staff-elected director is that previous staff-elected directors have been influential in preventing decisions that would have been damaging to the ABC, such as the sharing of ABC content with Telstra. While it may well be that these individuals played a role in those decisions, I note that the ultimate decisions were decisions of the whole board and that, without detailed knowledge of the workings of the ABC board, it is very difficult to accurately apportion credit for any particular decisions.

Senators on the other side have raised the issue of the consideration of staff issues by the ABC board. The ABC chairman has indicated publicly that the ABC board and management will continue to take staff interests into account, as they do now. Further, the managing director, who is appointed not by the government but by the board, is a full member of the ABC board and a conduit between staff, management and the board. The heads of the ABC divisions also report regularly to the board. Obviously, other than having a staff-elected director, there are ways by which the board can consult with ABC staff about issues that concern them.
During the debate, much has been made of the previous experience of directors on the ABC board. I would like to draw the attention of the Senate to the criteria set out in section 12(5) of the ABC Act regarding the process by which the government appoints ABC directors. One of the criteria is:

... experience in connection with the provision of broadcasting services or in communications or management ...

Several of the current board members have experience in connection with broadcasting. For example, the deputy chair, Mr John Gallagher, was a director of a regional television broadcaster, Mackay Television, for 16 years, from 1971 until 1987. Mr Steven Skala was a director of the Channel 10 group from 1993 to 1998. That being said, there are a number of ways the board can have regard to practical broadcasting experience in making decisions irrespective of the board membership. To say that the ABC board is deficient in broadcasting experience is a tenuous argument at best.

The government seeks to meet the criteria set out in the ABC Act and to ensure that the members of the ABC board have a mix of skills appropriate to the running of a modern corporation. There are suggestions in the submissions to the Senate committee—and this is now the subject, as I understand it, of an amendment moved by the Australian Democrats—that the ABC’s board appointments process be changed to one resembling the method used for appointing governors of the BBC, involving what in substance are called the ‘Nolan rules’. Despite the assertions from the other side, some recent appointments to the BBC have, sadly, not avoided controversy and allegations of political appointments.

The government is committed to an independent, successful ABC that delivers high-quality programming to Australian audiences. This commitment was emphatically illustrated with the government’s announcement last night of an increase to ABC funding of $88.2 million for new initiatives over the next three years. This will bring the ABC’s total government funding for the 2006-09 triennium to more than $2.5 billion.

Specifically, the ABC will receive $45.1 million to purchase new equipment, which of course recognises the march to digital. In addition, $30 million will be spent over three years to boost Australian television content through the establishment of an independent commissioning arm. Also, the very successful regional and local programming initiative, which assists with regional program production on ABC television and radio, will be provided with an additional $13.2 million over the next three years, which brings a total increase in funding for the initiative of $68.7 million over the triennium. That recognises the costs of simply being the ABC.

The increased funding announced is a clear demonstration of the government’s ongoing commitment to the ABC. The removal of the staff-elected director, which was in many respects an anomalous position, in no way compromises this government’s commitment to the organisation. The government has taken a decision to abolish the position of ABC staff-elected director for the sound reasons that I have outlined. I commend the bill to the Senate.

Question agreed to.
Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator MURRAY (Western Australia) (9.38 am)—by leave—I move Democrat amendments (1) and (2) on sheet 4914:

(1) Schedule 1, page 3 (after line 8), after item 2, insert:
2A After subsection 12(3)

Insert:

(3A) In making an appointment in accordance with subsection (2) or (3), the Governor-General is to have regard to the merit selection processes described in section 12A.

(2) Schedule 1, page 3 (after line 12), after item 4, insert:

4A After section 12

Insert:

12A Procedures for merit selection of Board

(1) The Minister must, within 9 months of the commencement of this section, determine a code of practice for selecting and appointing directors of the Board that must include the following general principles:

(a) merit, including but not limited to appropriate broadcasting industry knowledge; and

(b) independent scrutiny of appointments; and

(c) probity; and

(d) openness and transparency.

(2) The Minister must cause to be tabled in both Houses of the Parliament a copy of the code of practice within 15 sitting days after determining the code in accordance with subsection (1).

(3) The Minister must cause to be tabled in both Houses of the Parliament an amendment to the code of practice within 15 sitting days after the amendment is made.

These amendments are not unfamiliar to the chamber. This is, I think, the 31st or 32nd time these amendments have been moved. We consistently move these amendments to various bills covering various acts with the intention of applying a general principle to the issue of appointments to government boards and agencies.

The amendments do not reflect adversely on many fine appointments made by both the Labor Party when in government and by the coalition since it has been in government. Plainly, many appointments to government boards and agencies have been exemplary and the persons concerned have performed to expectations with respect to their duties. However, there is an issue of both perception and reality. The widespread perception in the community is that political patronage applies. This is a complaint laid before all governments all over the world, and it is a reality that people who are close to, networked with or in touch with the government of the day— are simpatico with them, if you like—end up being appointed to boards and agencies as a consequence. That perception and reality has led to the phrase 'jobs for the boys' being coined—although, in this age of nondiscrimination, it turns out to be jobs for the girls as well.

The difficulty with the ABC is that it is a particularly sensitive institution. All politicians are extremely sensitive to the media and to media commentary. It is a fact that, whilst all politicians will argue that they want the media to be objective, effectively they much prefer if the media are biased, but biased to their particular argument and their particular character. And, when the political class have the opportunity to influence the media, they are seen to do so. Therefore, any appointments to the ABC board would be seen within that prism, and it is an area which is particularly sensitive.

This is not just a national problem; it is an international problem. The Democrats therefore searched around to see how other parliaments and other governments have dealt with it. We have decided that the United Kingdom model would be most attractive—and, as you know, as a country we are very close to the United Kingdom, both constitutionally and culturally. The interesting thing
about the United Kingdom is that it is much less of a democracy than ours. For a start, it has a grossly elitist and unelected upper house—in complete contrast to our nearly proportionately representative, democratically elected, compulsorily voted for, preferentially voted for upper house. They do not have any such thing. Like us, of course, they have the house of the executive—there it is known as the House of Commons; here it is known as the House of Representatives—where the party of the day rules. Fortunately in England, to my knowledge, all parties admire conscience votes. The Labour Party there, which is in government at present, is mature enough to allow conscience votes, so it tends to be a far less rigid house than is our House of Representatives, in the sense of the views expressed and the way people vote.

The point of those remarks about the United Kingdom parliament is that, even there, where the executive, in my view, has even greater sway than the executive in Australia, they are constrained by both convention and public opinion. Public opinion, reinforced by strong and consistent media campaigning, resulted finally, in the nineties, in pressure to review the way in which government appointments were made. It was in those circumstances that Lord Nolan was commissioned to review appointments, and he came up with a set of criteria which have been adopted.

Yesterday, in my speech during the second reading debate, I outlined the Nolan committee principles, which were accepted by the United Kingdom parliament in 1995. Those principles to guide and inform the making of appointments are: 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 the 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; selection 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.

When the United Kingdom government accepted the Nolan committee’s recommendations, the Office of the Commissioner for Public Appointments was subsequently created. Its level of independence from the government was similar to that of the Auditor-General to provide an effective avenue of external scrutiny. That has not meant that controversy has not continued to reign over appointments, but it has meant that there is a system to limit the controversy and to provide a framework for appointments to be made objectively and in circumstances in which political patronage can be limited. That is a very useful model.

The alternative model is the American model, whereby appointments are vetted by the parliament and can become highly politicised and extremely personalised. That has some very unpleasant side effects, both from the perspective of the individuals under scrutiny and from the point of view of the parliament. My party and I are thus more attracted to the United Kingdom model.

The Minister for Communications, Information Technology and the Arts is quite correct in saying that a number of acts do specify some criteria—mostly about the sorts of abilities or skills that should be apparent in some appointments to some particular tasks. The Australian Broadcasting Corporation Act is one of those, but it does not cover the field—which is what the Democrat amend-
ments are about. Although all governments—federal, state and territory—continue to resist this model, in my view the desire for good government and good governance should require them to take it up eventually. One would hope that an opposition would have the honesty and the integrity to finally adopt a standard of governance which lifts standards rather than maintains old standards. And one would hope that the media would continue to be persistently and consistently aggressive in this field.

Whatever we as politicians or members of the public may say about the media in general, most media organisations are corporations and many of them are publicly listed corporations. Most board appointments are subject to the election process established in the organisation’s corporate constitution. When you get to government appointments, the nature and the character of the minister and of the agency affect the way in which appointments are made, and all governments—federal, state and territory—should really be driving to resist political patronage in this area.

Democrat amendment (2) does not seek to repeat the Nolan principles word for word. It merely states:

The Minister must, within 9 months of the commencement of this section, determine a code of practice for selecting and appointing directors of the Board that must include the following general principles:

(a) merit, including but not limited to appropriate broadcasting industry knowledge; and
(b) independent scrutiny of appointments; and
(c) probity; and
(d) openness and transparency.

This is an extremely broad remit; it is a generous remit which does not unnaturally confine the minister. In fact it is, in some respects, quite weak in comparison with the Nolan principles, because the Nolan principles are very specific. Our amendment is designed in this way because we recognise the apparent limits of and the resistance to this principle by the governments of the day.

I do not think that the principle of appointment on merit is enshrined anywhere in the Commonwealth statutes—and the minister can correct me, and I am sure the advisers would know the statutes well. I do not think that it says anywhere that appointments should be made on merit. This seems to me to be a quite extraordinary omission which reflects very badly on the bureaucrats who advise the ministers as to how bills should be constructed. It reflects much more on the ministers and the backbenchers who decide on the content of bills. We really should, in this modern age, be into the principle of meritocracy and without regard—to gender discrimination, which still goes on. The glass ceiling still exists. The number of women appointees on both private and public boards is still too low. That is still an issue, and perhaps an appointment on merit process might advance that cause as well.

With that reasonably broad-ranging motivation for the Democrat amendments—which will no doubt be turned down for the 30th or 31st time, to the discredit of those who vote against it, may I say, without reflecting on the vote of the Senate, because it has not occurred yet—I commend the amendments to the Senate.

Senator LUDWIG (Queensland) (9.51 am)—It is probably worth while going back to what this bill is in fact about before I deal with the Australian Democrats’ amendments. The Australian Broadcasting Corporation Amendment Bill 2006 is a short bill, and Labor opposes it because what it does is reduce—and this is the technical way of doing it—the maximum number of directors on the ABC board from nine to eight by abolishing
the position of the staff-elected director. That is what we are talking about today with this bill.

The government argues that the staff-elected director is subject to potential conflict—perhaps a conflict of interest or feeling obliged to represent the interests of the people who elected them—rather than acting in the best interests of the ABC itself. That argument has been totally rejected. I think the debate over the last day has demonstrated that. I think Senator Coonan has failed to make the case for why this bill should be supported by this parliament. Labor has not heard any evidence to support the position that has been put by the government in respect of this bill. There is nothing that can be pointed to that demonstrates that any staff-elected director has failed to comply with their duties. When you look at what is really behind the legislation, it is all about undermining the independence of the ABC.

The Minister for Communications, Information Technology and the Arts, Senator Coonan, did announce plans to restructure the ABC board back in March, and it is fair that people expected that a reasonable restructure might be undertaken. This is the result: a very short bill which deals with abolishing the position of a staff-elected director on the ABC board. It is hardly what you would call a realistic approach to a restructure—hardly a true attempt to ensure that the corporate governance arrangements for the ABC mean it remains independent. All this government has done over its period in government is stack the ABC board with its political mates to try to gain control. That is all it seems to have sought to do.

This bill was also subject to a Senate Environment, Communications, Information Technology and the Arts Legislation Committee inquiry. That inquiry did not find any evidence that we should depart from the current arrangements. So, if the minister were serious about a proper restructure, it would be a case of taking the bill back to the drawing board and having a proper look at it. But of course the minister is not serious about that at all. The minister does not want a truly independent statutory governing body for the ABC.

Since 2003, Labor has argued that there should be an open and transparent process for making appointments to the ABC board. If the minister was serious about a restructure, she could certainly have a look at that proposal—but no. I do not think we are going to hear that from this government, not on this issue.

Turning to the Democrat amendments, Labor does support the sentiment behind them. As Senator Conroy indicated yesterday in his contribution to the second reading debate, Labor believes that there should be a merit based selection process for appointments to the ABC board. It is a sensible way of appointing people to the board. While the final decision should remain with the minister, the eligibility of candidates would be determined by an independent selection panel. If the minister appointed a person not nominated by the selection panel, a statement to parliament setting out the reasons would be required.

This model is based on the Nolan rules, which govern appointments to the BBC in the United Kingdom. Labor has consistently argued for this policy for the last three years. So it was not a case of the minister not being aware that this was on the table. If there was going to be a true restructure of the ABC board—as the minister, I suspect, tried to promise back in March—then those matters should have been put on the table and argued out to come up with a reasonable model that would in fact deal with the range of issues that have come up in the last couple of years.
Unfortunately, the appointment model suggested by the Democrats does not meet the requirements set out by Labor. So, although we are of a mind to support the sentiment behind the Democrat amendments, we are in a position where we cannot actually support the amendments as proposed by you, Senator Murray, although we do understand that you have brought this idea forward a number of times and have argued quite passionately for it. The idea that there should be clear merit based selection criteria is one that I think we all agree on—except the government. It does not seem that we are going to gain much ground with this government, given its past practices and its actions today—not that that should deter us from continuing to argue the point. Perhaps Labor and the Democrats can still argue the same point from different perspectives, even though we might not agree on the black-letter print.

One of the issues I would raise in respect of Senator Murray’s amendments is that they do not appear to be binding on the government as they only require the Governor-General to ‘have regard’ to the principle of a merit based selection process in making appointments.

Labor do not believe that this bill can be fixed on the run. The government should have taken the opportunity during the review process to look at the issues that the Democrats have raised and that we have raised about a merit based selection process and dealt with them then. It has avoided the main issue, which is not surprising for a government that, by the look of it, seeks to continue to ensure that its political mates can be put on the ABC board. Unfortunately, Senator Murray, Labor think that the amendments that you have proposed leave the minister with too much discretion. Given the minister’s form, we do not think they should be supported. In fact, we believe the legislation should be rejected outright.

Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (9.59 am)—I want to make a few comments in response to Senator Ludwig’s unwarranted attack on the motives behind the government bringing forward this bill. Senator Ludwig—and I will be very brief about this—has made a number of fairly wild and unsubstantiated assertions about the government stacking the ABC board, without, of course, naming names or being prepared to have the courage to indicate who he is talking about.

The interesting thing about this is that if the government had any interest in stacking the ABC board—which of course we do not and which we emphatically reject as an allegation—the director’s position simply could have been left there and the characteristic or the component of it being an ABC nominee could have simply been removed, which would have allowed yet another position to be so-called stacked. It gives the lie, of course, to Senator Ludwig’s assertion that the government is trying to keep directors there for some unidentified purpose. I do not intend to go into a more substantial refutation of those allegations because they are simply not made out. They are very wild and there is no evidence to support what Senator Ludwig has said.

However, I do want to spend a moment on Senator Murray’s amendment because—whilst the government will not be supporting it—as with all amendments that Senator Murray moves, I think carefully about the purpose behind him bringing forward those amendments and I have, in fact, thought about what other approach might be taken in relation to appointments. The first thing is that there is some suggestion that appointments are not made on merit. The mere fact that appointments might be expressed to be on merit in a piece of legislation does nothing if you do not also have some guidelines
as to how you approach it. I will remind the Senate of the very specific requirements of the act:

A person shall not be appointed as a Director ... unless he or she appears to the Governor-General to be suitable for appointment because of having had experience in connection with the provision of broadcasting services or in communications or management, because of having expertise in financial or technical matters, or because of having cultural or other interests relevant to the oversight of a public organization engaged in the provision of broadcasting services.

If an appointment there does not sit on merit you really wonder how else you would, in all honesty, fulfil the requirements of the criteria set out in the act. I certainly approach it on the basis that it is implied, if not explicit, that appointments are made unequivocally on merit.

The other point that I want to make really underscores why the government does not support this process, and there are a number of reasons that I will not go into. Cutting to the nub of it, I think the existing appointments process for the ABC is very similar to that for most other Commonwealth agencies. From the debate that has taken place in relation to this bill I cannot see that any case has been made out by any speaker—and certainly no case has been made independently of any speaker outside the parliament—to indicate that the process is failing or that the ABC should be singled out from other Commonwealth agencies in this regard.

The method of appointment reflects, I think it is fair to say, standard practice for Commonwealth statutory authorities, and I simply cannot see any rationale for taking out the ABC from a process that works well. The government considers that the current appointments process works well, and it will continue to recommend to the Governor-General the appointment of people to the ABC board who it believes will carry out their responsibilities in line with the very clear requirements of the act.

Senator MURRAY (Western Australia) (10.04 am)—There are two things I wish to put. The first is a statement or request and the second is a question. Through you, Chair, I make a request to the shadow minister for communications and information technology. I believe that what Labor have announced and proposed as an improvement on the ABC appointment process is indeed an improvement, and I would be attracted to consider that if it was placed as a legislative amendment to the act. I would request, through the chair, for the shadow minister to put to his caucus the proposition that, the next time a bill is before us dealing with the ABC, Labor in fact put forward a legislative amendment to implement their proposal—with the caveat, of course, that we would always want to see the words. But on the basis of the principles Labor have outlined I would be inclined to argue to my party that we should be supportive of such an amendment. It would be very useful if the Senate was given the opportunity to consider an alternative model. That is just a request through the chair.

My question is to the minister. Minister, I think you stated explicitly rather than implicitly, because of the way in which the act is framed, that the Governor-General is the ultimate arbiter as to whether an appointment conforms with the act. You may be able to correct me because, of course, you would have dealings with him in council in a way I do not, but to my knowledge the deliberations of the Governor-General are not public. We have no way of knowing by what process the Governor-General would examine such appointments and whether they comply with the act. I would assume, given the act gives him a task to do, that the minister responsible would provide a brief and the Governor-
General would examine that brief to see if it met the act.

My question is: how does he test that brief? How does he establish it? Does he just accept whatever the minister says at face value? If it is a process that the Governor-General does just accept at face value, to cross reference a remark: somebody once remarked that they had the Governor of the Reserve Bank in their pocket. I would hate to think that the Prime Minister or any minister would think they had the Governor-General in their pocket. If the Governor-General ever rejected a bill or an appointment then I would be satisfied that there was a public signal that he was not just complying with whatever the minister or the government wanted. Speaking personally, I think being the final arbiter of an appointment is an onerous position, frankly, for the Governor-General to be in. I think the process should be ironed out long before that occurs. Perhaps for the elucidation of the Senate, the minister might indicate the precise role of the Governor-General and how he carries it out with respect to the specific requirements of the act.

Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (10.08 am)—Thank you, Senator Murray. Appointments are made in Executive Council in accordance with the processes that the Governor-General participates in, together with ministers. The method of appointment is the same, as I have said, for Commonwealth statutory authorities. As with all of the deliberations of the Executive Council they are private deliberations, but that it is our Constitution.

Senator LUDWIG (Queensland) (10.09 am)—In respect of that issue that Senator Murray raised about the merit based selection model, I will take that on board and pass it to the relevant shadow minister, Senator Conroy, for him to consider.

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

The committee divided. [10.14 am]
(The Chairman—Senator JJ Hogg)

Ayes………… 8
Noes………… 53
Majority…… 45

AYES
Allison, L.F. Brown, B.J. Murray, A.J.M. Siewert, R.

NOES

* denotes teller

Question negatived.
Bill agreed to.
Bill reported without amendment; report adopted.

Third Reading

Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (10.18 am)—I move:

That this bill be now read a third time.

Question put.

The Senate divided. [10.22 am]

(The President—Senator the Hon. Paul Calvert)

AYES

Abetz, E. 
Adams, J.
Barnett, G. 
Bernardi, C.
Boswell, R.L.D. 
Brandis, G.H.
Calvert, P.H. 
Chapman, H.G.P.
Colbeck, R. 
Coonan, H.L.
Eggleston, A. * 
Ferguson, A.B.
Fielding, S. 
Fierravanti-Wells, C.
Fifield, M.P. 
Heffernan, W.
Humphries, G. 
Johnston, D.
Joyce, B. 
Kemp, C.R.
Lightfoot, P.R. 
Macdonald, I.
Macdonald, J.A.L. 
Mason, B.J.
MCGauran, 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. 
Watson, J.O.W.

NOES

Allison, L.F. 
Bartlett, A.J.J.
Bishop, T.M. 
Brown, B.J.
Brown, C.L. 
Campbell, G.
Carr, K.J. 
Crossin, P.M.
Caulknor, J.P. 
Forshaw, M.G.
Hogg, J.J. 
Hurley, A.
Hutchins, S.P. 
Kirk, L.
Ludwig, J.W. 
Lundy, K.A.
McEwen, A. 
McLucas, J.E.
Milne, C. 
Moore, C.

AYES

37

NOES

32

Majority

5

National Health and Medical Research Council Amendment Bill 2006

Second Reading

Senator McLUCAS (Queensland) (10.26 am)—The purpose of the National Health and Medical Research Council Amendment Bill 2006 is to amend the National Health and Medical Research Council Act 1992 to introduce new governance arrangements and to clarify accountability and reporting functions for the NHMRC. These new arrangements will establish the NHMRC as a statutory agency. The CEO will be responsible for the primary functions of the agency and will report to the Minister for Health and Ageing. Previously, the council was responsible for both governance matters and expert scientific advice. The new division of responsibility will allow the council to focus on expert scientific advice while the CEO will have day-to-day responsibility for the operation of the agency.

The proposed changes also streamline the reporting lines of the CEO and the council. The NHMRC previously had three concurrent lines of reporting: the Minister for Health and Ageing, the Secretary of the De-
partment of Health and Ageing and the council itself. This bill provides for the CEO to report directly to the minister while keeping the secretary informed.

Labor will support this bill, but we do have some concerns about it and about the willingness of the Howard government to invest in the incredibly important research efforts that are funded by the NHMRC. Our concerns go initially to the membership of the council. Firstly, we oppose the removal of the requirement that membership of the council must include—and this is what occurred previously—an eminent scientist who has knowledge of public health research and medical research issues. Secondly, we oppose the removal of the requirement that membership should include a person with expertise in the trade union movement, a person with expertise in the needs of users of social welfare services and a person with expertise in environmental issues. Given the advice that this expertise is currently found in members who also have expertise in other areas, we recommend that the requirement for expertise remain and that it be made clear in the legislation that multiple categories of expertise may be found in individuals on the council.

Going to those people who were previously required to be represented on the council, we recognise that an eminent scientist with expertise in or knowledge of public health research and medical research issues would most probably appear on the council in its new structure. But a person with expertise in the trade union movement is not necessarily going to be included in the new structure of the council. That reflects the view of this government that people who represent workers in Australia are not terribly important. That is the way this government thinks, and it is reflected in the bill.

We also express concern that the question of equity may not be addressed if someone with expertise in the needs of users of social welfare services is not included. Our concern about the lack of need for a person with expertise in environmental issues, once again, underscores this government’s respect for the environment. Whilst we support the inclusion of someone on the council who has expertise in ethics, particularly in medical research, no argument during the committee hearing was advanced in support of the necessity for this new category of persons with specific expertise in ethics relating to research involving humans. Clarification is required as to whether the chair of the Australian Health Ethics Committee is a member of the new council as is the case at present.

Our concern also goes to the appointment of the AHEC chair. We oppose the removal of the need for the federal minister to consult with the state and territory health ministers before appointing the chair of AHEC in favour of the requirement of consulting appropriately. During the committee hearing, there was some discussion about what ‘appropriately’ means, and I am afraid Labor senators felt uncomfortable that that was not properly clarified. The bill does not contain a definition of what that might mean nor any certainty that it is being done. In our view, this undermines the principle that the NHMRC should be at arm’s length from government and be a body that has broad acceptability and response to national interests rather than those of any particular health minister at the time. Appointments such as this should be made on merit, and there should be a formal process in place to ensure that this is the case.

Our third point of concern is the issue of disclosure of interests. We note that the minister is not required to be advised if a member of the council has disclosed an interest. We consider it the responsibility of the min-
ister to know if a member or members disclose an interest and regard this as an accountability measure not an administrative task as noted in the schedule prepared by the department for this bill. Fourthly, we note the advice of the Australian Vice-Chancellors Committee concerning the altering reporting arrangements and agree with their recommendation that the bill should be amended to enable expert advice to be provided directly to the minister.

Finally, we acknowledge the inappropriateness of defining particular research priorities for the NHMRC but indicate that we would be concerned if the proposed restructure had a result of diminishing the NHMRC’s capacity to strategically respond to the serious problems of Indigenous health, while we recognise that significant progress has been made in recent times through the involvement of members with Indigenous expertise working across the current committee structure.

The amendments enacted in this bill address the governance issues that have been identified in four major reviews over the last few years. It is interesting to note that all of the reports have been around for some time, so clearly the minister has been in no hurry to make these changes, which are claimed in the second reading speech to:

... strengthen the NHMRC’s independence, promote clear lines of responsibility for governance and financial accountability and allow the Council to focus on issues relating to medical and biological research and advice.

Both the second reading speech and the minister’s media release from September last year highlight the need for the NHMRC to build better links with business to improve investment in research and to explore industry joint ventures. While Labor is truly supportive of the need for more industry support for R&D and more collaboration, any attempt to replace federal research funds with private funds should be strongly resisted.

At the same time that this bill was introduced, the government also introduced the Australian Research Council Amendment Bill 2006 that takes a very heavy handed approach to the ARC abolishing the board and the ARC’s ability to conduct inquiries into national research issues and make decisions about the effective use of research funds. There is concern that this will lead to even more examples than those already known of instances where the Minister for Education, Science and Training has objected to funding for specific projects. Labor is strongly supportive of the ARC’s independence and would be deeply concerned about any similar attempt with respect to the NHMRC.

The NHMRC is Australia’s primary funder of biomedical R&D in Australia. In 2005-06, $447 million for health and medical research was provided through the NHMRC. A recent Access Economics report clearly found that this is one of best investments our nation can make to the wellbeing of our people. The report said:

... returns from health R&D are so extraordinarily high that the payoff from any strategic portfolio of investments is enormous.

Health R&D must be seen as an investment in wellness with exceptional returns.

The report also said:

Historically, annual rates of return to Australian health R&D were up to $5 for every $1 spent on R&D.

This can be as high as $8 for cardiovascular R&D and $6 for respiratory R&D. The Access Economics report found that, despite the additional funding flowing as a consequence of the Wills review, continued boosts to investment in health R&D relative to GDP are
still warranted given Australia’s poor ranking relative to other OECD countries.

As Australia ages the dependency ratio increases and health spending naturally will rise. Breakthroughs in R&D are seen as the best way to address the challenge inherent in the cost and impact of chronic disease. Funding in response to the Health and Medical Research Strategic Review, the Wills review, led to the doubling of the NHMRC funding, which was $613.7 million over five years. That five-year period is now complete. I acknowledge that significant funding was allocated in last night’s budget that will pick up the end of that period.

The investment review of health and medical research released by the government in December 2004, the Grant review, recommended that the government continue to invest and build on the Wills funding by increasing federal government investment in health and medical research to $1.8 billion by 2008-09, bringing Australia up to the OECD average level of investment of 0.2 per cent of GDP. I have not had a chance to look at what last night’s funding allocation does in respect of that recommendation. Maybe the minister would like to inform the chamber of whether or not that target has been met. A key finding of the Grant report was that government investment through the Wills funding package had already started to deliver results and that further increases in funding for health and medical research will yield similarly considerable health benefits and economic dividends.

Australian researchers are finding life increasingly difficult. A December 2005 paper in the Medical Journal of Australia highlighted the extent of researcher dissatisfaction with funding and the inadequacy of infrastructure support. It is not surprising that so many of our best scientists are attracted overseas and, unfortunately, stay there. It is truly hoped that last night’s allocation of funds will reduce, if not reverse, the brain drain that is occurring in Australia.

I would like to take the opportunity to recognise that the states have developed their own innovation initiatives and are reaping considerable rewards. Initiatives like my state of Queensland’s Smart State, BioMelbourne, Bio Innovation South Australia and BioFirst New South Wales reflect the recognised importance and economic realities of catching the biotech wave.

While Labor support the proposals in this bill to strengthen the independence of the NHMRC, to clarify reporting lines and to improve appointment processes, we can only wonder why such amendments, seen as good governance and most of them recommended two or more years ago, have taken so long to come forward. It is clear that, despite the wealth of reports around the value of the work of the NHMRC and the ongoing need to support Australia’s health and medical research, this is an issue that up until the passage of this legislation has slipped off the Howard government’s radar screen. Perhaps, given the government’s move to grab control of the Australian Research Council and exercise political control over the peer review processes, we should be grateful for this. But the failure to investment in our research capabilities is yet another example of the Howard government’s squandering of our national resources and failure to build our skills base.

The Australian community supports health and medical research efforts. Research Australia’s annual health and medical research public opinion polls in 2003 and 2004 showed that most Australians wanted to see increased government and industry investment and are prepared to contribute to that investment themselves. In fact, 47 per cent of Australians said that they would rather see
surplus government funds invested in health and medical research rather than in tax cuts.

Securing a long-term, enduring, sustainable economic future for Australia does require a long-term view for building on the valuable investment to date. This will be achieved only by a continued focus and leadership by government in partnership with researchers, industry and the community. Government commitment to the recommendations of the Grant report would be a good first step towards showing this leadership. If the additional needed investments in biomedical research come only as a consequence of the sale of Medibank Private, that is simply not good enough, and it demonstrates only too clearly the cynicism of the Howard government, its lack of commitment to biomedical research and its failure to make real investments in Australia’s future.

In May 2004, the Prime Minister announced that the Australian government would establish quality and accessibility frameworks for publicly funded research. The stated aim of this initiative was to develop the basis for improved assessment of the quality and impact of publicly funded research. This report was released by the Minister for Education, Science and Training in March this year, and an advisory group is now working on implementation measures.

While Labor absolutely supports measures to ensure public accountability for how research funds are spent, the crucial question is whether the research quality framework is the most appropriate and cost-effective mechanism to achieve this. If we look at the success of similar schemes overseas, it is not an encouraging story. The UK Research Assessment Exercise was introduced in 1986, but the UK is now set to abandon this process and move to a metrics based system, just like the one Australia is set to jettison through the RQF. The UK RAE is expensive. In 1996 it was estimated to cost between £27 million and £37 million and is widely believed to have downgraded teaching, compromised clinical academic medicine and led to a significant decline in clinical academic staffing levels. It sidetracks researchers and scientists from the core business of research with a dead weight of micromanagement at all levels. A similar system introduced into New Zealand in 2003 has led to reports that many universities have spent more on the exercise than they will gain in funding increases. Australian universities say they need $40 million to begin the implementation of the RQF.

Maybe in his second reading speech the minister will be able to tell us what the state of that is. As I said at the outset, the Labor Party will support the passage of this legislation. We hope that the government recognises the concerns that we have expressed both in this contribution today and also in the additional comments to the report of the inquiry that has been tabled. I take this opportunity to thank those witnesses who appeared at the inquiry and also those people who made submissions to the inquiry process.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (10.43 am)—Whilst the Democrats broadly support the restructure of the NHMRC provided for in the National Health and Medical Research Council Amendment Bill, we are concerned about the lack of time that was available for receiving submissions. We are concerned about the lack of advice that was available from the outgoing council on the bill and what we expect to be diminished accountability that might result from these changes.

The central purpose of the bill is said to be to introduce new arrangements to clarify accountability and reporting functions for the NHMRC, giving the NHMRC financial and operational autonomy while maintaining its
independent statutory responsibility for expert health and medical research advice to the government. These changes follow reviews of the NHMRC over the last three years. However, in some respects, the Democrats argue that these changes will have the opposite effect, or at least could have the opposite effect. The NHMRC CEO currently reports to the minister, to the secretary of the Department of Health and Ageing and to the National Health and Medical Research Council itself. This was of concern to the Vice-Chancellors Committee, which, although supportive of streamlining of reporting, said there was potential for the expert advice provided by the council to the CEO to be ignored or not considered when making recommendations to the minister, particularly concerning funding decisions. The minister, of course, appoints the CEO and should he appoint a CEO who shares the minister’s own conservative views on some issues such as sexual and reproductive health and embryonic stem cell research, for instance, this may well result in a barrier being established to advancing what might be described as more universal and more scientific views of the world and views more representative of the general population. I will be moving amendments to allow for that expert advice from the council to be provided directly to the minister.

In streamlining and reducing the size of the NHMRC, the bill removes the requirement that membership of the council must include an eminent scientist who has knowledge of public health research and medical research issues, a person with expertise in the trade union movement, a person with expertise in the needs of users of social welfare services and a person with expertise in environmental issues. Given the advice that we received during the inquiry into this bill that this expertise is currently found in members who also have expertise in other areas, we cannot see any argument for dropping those requirements. We recommend that those areas of expertise remain and that the legislation be made clear that multiple categories of expertise may be found in individuals on the council. Again, we see no sound argument for removing those expertise requirements, and I will be moving amendments to the bill to require them to be part of the mix.

Whilst we support the specific inclusion of expertise in ethics, particularly in medical research, no argument was advanced by the department in support of the necessity for the new category of persons with specific expertise in ethics relating to research involving humans. The chair of the Australian ethics committee will also be a member of the new council, which is the case at the present time. This means that there could be two members appointed to the NHMRC for their expertise in ethics. With a council which is much reduced in size, that would not appear to be warranted and might suggest that the balance is not appropriate.

We oppose the removal of the need for the federal health minister to consult with state and territory health ministers before appointing the chair of AHEC in favour of the requirement of consulting appropriately. The bill does not contain any definition of what ‘appropriately’ might mean, nor was the department able to provide that to the committee during the hearing. There is no certainty that appropriate consultation has taken effect, if we do not know who might be consulted in such an appropriate consultation and we are not going to know whether any views at all have been taken on board. That undermines the principle that the NHMRC should be at arm’s length from government and a body that has broad acceptability and responds to the national interest, rather than those of the particular federal health minister in question. The Democrats again argue that appoint-
ments such as this should be made on merit and that there should be a formal process in place to ensure that this is the case, and I will be moving standard amendments to that effect. Today will be the 32nd time that we have put up our appointments on merit amendments.

The minister is not required to be advised if a member of the council has disclosed an interest. We again consider it the responsibility of the minister to know if a member or members disclose an interest, and we regard that as an accountability measure, not an administrative task, which is said to be the case in the schedule that was prepared by the department for the bill. We agree that it is inappropriate to define particular research priorities for the NHMRC but, like Labor, we would be concerned if the proposed restructure had the effect of diminishing the NHMRC’s capacity to strategically respond to the serious problems of Indigenous health—an area in which significant progress has been made in recent times through the involvement of members with Indigenous expertise who, as I understand it, are working across the current committee structure.

In submissions to the committee, it was also said that there was an expectation or a hope that there would be an increase in research in the medical field for the NHMRC. We note that in the budget last night a substantial increase in research spending was announced. This is very welcome and we do hope that some of that research funding, without suggesting a particular direction, will find its way to research into this important field.

Senator HUMPHRIES (Australian Capital Territory) (10.51 am)—I am very pleased to rise and support this National Health and Medical Research Council Amendment Bill 2006, particularly to support the context in which the bill has been presented and is being advanced today through the Senate. That context, as previous speakers have indicated, is that there is to be a very substantial increase for medical and health research investment in Australia, as announced in the budget which was delivered last night by Treasurer Peter Costello. I note that Senator Allison welcomed this particular announcement last night and I thank her for that. I note that Senator McLucas also welcomed it, but went on to comment that the Australian government had failed to make a real investment in Australian research. I find that comment very difficult to understand in light of the evident commitment made last night by the government to this area.

As senators will undoubtedly be aware, there was a package of $905 million announced last night for Australian health and medical research, one of the most significant boosts in this area that I can recall, perhaps the largest. That is made up of a number of important components, most particularly a boost of $500 million to the National Health and Medical Research Council to continue its important work. That is on top of $200 million in the budget before last, so there has been a boost of $700 million for the NHMRC in the last three years alone, above and beyond its ongoing funding. On top of that we have $170 million for new research fellowships, which is long-term funding for between 50 and 65 Australians to undertake five-year research fellowships in important areas of national priority.

Senators will also recall the announcement just a couple of weeks ago by the Minister for Health and Ageing, Tony Abbott, of a new national adult stem cell research centre in Queensland, which I am sure you will welcome, Madam Acting Deputy President Moore. In this budget there is $22 million provided for research in that area. The Walter and Eliza Hall Institute of Medical Research receives an additional $50 million to con-
tribute to its work, and there are particular grants made to a range of medical research facilities, designed to improve their capacity to deliver quality research projects in their particular states and territories. There is, for example, $10 million for the Macfarlane Burnet Institute for Medical Research and Public Health, $10 million for the Heart Research Institute, $15 million for the Westmead Millennium Institute, $14 million for the Garvan Institute and the Victor Chang Cardiac Research Institute and $37 million for the Howard Florey Institute. On top of that, I am delighted to see $50 million contributed by the federal government to the John Curtin School of Medical Research here in the national capital, which will greatly assist it to be able to deliver on its major expansion currently under way. I encourage senators to go and see that development if they have a chance during Senate sittings.

In that context, it is very hard to understand why anyone would seriously make the comment, as Senator McLucas did a moment ago, that the Australian government has shown a failure to make real investments in Australian research. The commitment that the government has to Australian research is demonstrated by the amendment bill before the Senate right now. The National Health and Medical Research Council Amendment Bill 2006 provides the underpinning for a sound mechanism to deliver quality research. It provides for clearer, better and more contemporary governance arrangements in the NHMRC and it clarifies the function of accountability and reporting to the Australian people which the council has. In doing that, the bill does not impact on the NHMRC’s fundamental role, its mission, nor does it affect the funding basis for the body. In fact, the bill strengthens the independence of the NHMRC and it should be and is welcomed by the key stakeholders in this sector. The bill makes the NHMRC a statutory authority—it has previously been a body corporate—and subject to the provisions of the Financial Management and Accountability Act 1997. Those arrangements that apply to other government agencies will now apply to the NHMRC.

The decisions the government has made in respect of this bill are a reflection of key reviews of this area, particularly the *The virtuous cycle* report by the Australian National Audit Office in 2004 and the Uhrig review in 2003. I note that the changes are broadly supported by all those who made submissions to the inquiry, particularly the Australian Society for Medical Research and the Australian Vice-Chancellors Committee. In that context, I found some of the additional comments provided by senators from the Labor Party and the Australian Democrats a little bit puzzling. Senator Allison just referred to a concern expressed in the additional comments about the lack of time available for receiving submissions in this inquiry. I am puzzled about this because I understand that there was no particular dissent or dispute about the time frame for this bill to be referred to the Senate Community Affairs Legislation Committee. There was no challenge to that time frame. It was provided for that there would be a referral at the end of March with report back to the Senate at the beginning of May. My recollection is that that is quite a long period of time for a legislation committee to consider a bill. I cannot recall, in fact, having a bill inquiry with a longer time frame for reporting, except the RU486 bill inquiry, which notoriously took place over the recent summer.

So there was quite a long time in comparison with usual references to legislation committees, certainly the Senate Community Affairs Legislation Committee. As such, that was a strange comment. But it is perhaps made more understandable by the fact that a
number of the additional comments that were made by the Labor and Democrat senators were not in fact made by any of the people who made submissions to the inquiry. For example, the senators concerned say:

We oppose the removal of the requirement that membership of Council must include:

- an eminent scientist who has knowledge of public health research and medical research issues
- a person with expertise in the trade union movement
- a person with expertise in the needs of users of social welfare services
- a person with expertise in environmental issues

None of the people making submissions to the inquiry raised those issues. Nobody raised those issues with the inquiry. The closest we got was a comment from the Australian Vice-Chancellors Committee that expressed a little bit of concern about reducing the size of the governing council and said:

… the AVCC is concerned that unless attention is placed on the role and function of the Research Committee, the capacity for high quality recommendations to be made concerning funding of research proposals may be put at risk.

But, with respect, that does not really touch on any of issues which have been raised by the additional comments. For that matter, I do not recall much discussion in the course of the hearings about those issues, but perhaps members of the committee will be able to enlighten us about that.

**Senator Webber**—I will.

**Senator HUMPHRIES**—It looks like Senator Webber is going to contribute to that question. I very much look forward to that. It is very hard to understand why the National Health and Medical Research Council needs to have a person with expertise in the trade union movement sitting on it to contribute to its work. This is not an exercise in bashing unions; it is just a reflection on what role trade unions would have in a body of that kind. I cannot think of a less appropriate setting for trade union participation. I suppose it is possible that medical researchers and so on might be unionised to some extent, but there are plenty of them on the council, as researchers, already. They do not necessarily need representation by another body on the council. All of the state and territory governments are represented, I understand, through their chief medical officers. Presumably, they have a role to play there on behalf of those governments.

I find the suggestion that that particular position should be retained a rather strange one, particularly given that nobody, not one submitter, made that suggestion to the committee. We had over a fortnight for submissions to be lodged with the committee and no trade union took advantage of the opportunity to do that. So, as I said, I find the comments strange.

I also note that the senators concerned oppose the removal of the need for the federal health minister to consult with state and territory health ministers before appointing the chair of AHEC in favour of the requirement of consulting appropriately. This was discussed in the committee, and the Department of Health and Ageing made it clear that the federal minister for health does need to consult with state and territory health ministers through the Australian Health Ministers Advisory Council—and of course there is that representation on the NHMRC of the chief health officers from each state and territory—and that the work of the council should proceed on the basis of ‘a large degree of cooperation and consensus’ so that those sorts of issues or problems are avoided. I think that very neatly deals with that issue.

I accept that it is the right of senators on these inquiries to form views which are based on personal experience rather than on
anything that witnesses say to them, but I draw the line at being told that somehow either this bill or the announcements in the last 24 hours exhibit a failure by the Australian government to make a real investment in Australian research. Nothing could be further from the truth. Last night the federal government demonstrated an absolutely sterling commitment to medical research in this country. The benefits of that spending will be felt by generations of Australians to come. It was an extraordinarily generous commitment, and it is a pity that we cannot all acknowledge it for what it is—a major investment in the future health of Australians.

Senator WEBBER (Western Australia) (11.02 am)—Whilst I do not want to delay the chamber unduly on this issue, I cannot help but respond in the first instance to some of the matters Senator Humphries has raised before going on to my planned contribution to this debate on the National Health and Medical Research Council Amendment Bill. I came to the Senate inquiry a bit late in the process, so I appreciate Senator Humphries’ outline of the timetable. I will make two brief comments in response.

When considering at the inquiry the membership of the council and the removal of specific people with areas of expertise, whilst I will not comment on the submissions the committee received, I know that we did spend some time questioning and debating the need to remove these designated positions. Those appearing before the committee tried to assure us that those areas would be covered anyway. I would say that perhaps those of us that signed off on these additional comments were underwhelmed by the guarantees that we were given. We did not feel that those assurances would match and meet our concerns.

I would also like to place on the record the concern that members of the government seem to have about people that know anything about the trade union movement serving on anything. When you see this in light of the piece of legislation that has just gone through this place—the Australian Broadcasting Corporation Amendment Bill 2006—this seems to be a systematic approach by this government to remove from any board anyone who has ever been a member of a trade union.

There is a trade union that covers researchers and academics—the National Tertiary Education Union. They cover university academics. They would not be seen, I am sure, by Senator Sterle or anyone else as being the most radical and hardline union in our country, but they do bring to bear a certain perspective on the conditions that academics work under that I think is appropriate for people to consider when they are looking at funding models and priorities for research. There is no point in just saying, ‘We’re going to give you a whole lot of money,’ if we do not make sure that that funding ensures that we meet the occupational health and safety standards and the requirements of those conducting the research. So I think there is a legitimate role for people with that kind of background. However, obviously those opposite feel a little uncomfortable about having people who know anything about the union movement on any board or committee these days.

To return to what I was originally going to say: one of the matters that every member of the committee that was at the hearing is in furious agreement on is our support for the role of the NHMRC. It is one of the defining institutions in Australian public life; it is often a world leader and it is something that we should all be very proud of. I too would like to congratulate the government for increasing the funding in areas of research. The funding that was announced last night is a genuinely significant contribution and a very
good thing. But, for the people conducting this long-term research, certainty must go hand in hand with funding—certainty of time lines and certainty of process. Probably the main concern I have with this legislation is the fact that we are now removing the legislative requirement for when funding will be announced. Our key scientists and researchers will not have that guaranteed time line by which they know they will get a decision on the future of their projects and their work. That is now in the hands of those working at the NHMRC.

Whilst they sought to give us some assurances about how we do not really need it legislated because they will meet the time line anyway—which I do not really think is a very good reason for wanting to get rid of a time line—I remain to be convinced. When we probed why it needed to go, we were told that it put them all under undue pressure to make decisions and that, in fact, the only time in our history that we failed to meet the time line was when there was a flood. I am sure everyone in this building would accept that there are mitigating circumstances with natural disasters.

I think the removal of that prescribed time line brings a degree of uncertainty. I think it is a bit sad when we get to that point, particularly if you look at it hand in hand with increased funding and increased knowledge and support of the organisation from within this building. So I want to place on record my concerns, particularly given the lead time that a lot of these complex research projects have. If they are going to devote that much of their technical knowledge, expertise and life to making some of these miraculous discoveries, the least we can do as parliamentarians is to give them a guaranteed time line so that they know whether they will continue with their desired research project.

The only other thing I want to briefly place on record is another concern I have with the removal of the prescribed time line. I do not in anyway suggest that the current minister would do this, but it seems to me that, when you decide to remove a prescribed time line for making funding decisions, things can very easily get caught up in political processes and become politicised. When you remove a prescribed legislative time line for decisions and announcements on grant applications and put that hand in hand with increased funding for organisations, the cynics in our community—and that seems to be a growing part of our population—then see how delays in making decisions and announcements can get caught up with things like, say, elections, where governments may want to be seen as innovative and to be fostering developments in medical research and the sciences.

I wanted to take the time in this chamber to place those two concerns on record. We have removed the certainty that our researchers had and, whilst I accept the guarantees we were given at the hearing, I will feel a lot more confident when the certainty is in the legislation. I am underwhelmed by the reasons we were given for removing it. One of the other things that certainty gives us is a politically neutral and, therefore, fair playing field for those trying to pursue research.

Senator KEMP (Victoria—Minister for the Arts and Sport) (11.10 am)—Firstly, I would like to open my remarks by thanking senators for their support of the National Health and Medical Research Council Amendment Bill 2006—sometimes grudgingly, sometimes qualified; nonetheless we always welcome support. In particular I would like to acknowledge the very valuable contribution made by the members of the Senate Community Affairs Legislation Committee for their consideration and care-
ful scrutiny of this bill. But I have to say that I am disappointed by some of the views expressed by the Australian Democrats and the Australian Labor Party in their additional comments. I would like to take the opportunity to briefly address these comments.

Before turning to the issues raised by the ALP and the Australian Democrats, I would like to congratulate the government for the really huge boost in funding for the NHMRC. Last night, as we all know, in a very popular, successful and responsible budget, the Hon. Peter Costello announced an additional $905 million for Australian health and medical research. This is a major new investment in our future health and one that I believe we should all be very proud of. The benefits of research investment are undisputed. The changes outlined in this bill ensure that the NHMRC is well positioned to ensure that Australia harvests the benefit of this investment.

Australia, I am pleased to say, currently stands as the world leader in health and medical research. On a per capita basis, our research output is twice the OECD average. Access Economics has estimated that since 1960 the consumer benefits arising from Australia’s investment in health and medical research have been in excess of $5 trillion—and I think it is correct to say that that is $5,000 billion. I see Labor senators are nodding, so I clearly got that right. This comprises over $2.9 trillion in longevity gains of eight years, plus an estimated $2.5 trillion in gains in the quality of life and avoided costs. They are very interesting figures. I can see that they have gripped the Labor senators on the other side of the chamber.

It is not surprising that industry has also benefited from investment in health and medical research. Since 1992 it is estimated that commercialisation of health and medical research has created over 350 companies, translating into approximately 3,000 to 4,000 new knowledge-based jobs. The NHMRC has performed a pivotal role in supporting such research and fostering talented researchers in these fields. This bill and the recent current budget commitments ensure that this will continue.

The legislation introduces new governance arrangements to the National Health and Medical Research Council which will ensure that the council can focus on providing the best possible advice. These new arrangements address governance concerns identified in a number of recent reviews, primarily the investment review of health and medical research, or the so-called Grant review, the ANAO review of NHMRC’s governance arrangements and the review of the corporate governance of statutory authorities and office holders, otherwise very well known as the Uhrig review.

The existing legislative framework under which the NHMRC currently operates divides financial responsibility and operational accountability. The proposed new governance arrangements address this issue by clearly aligning accountability and responsibility. Under the new legislation, the NHMRC will remain within the Health and Ageing portfolio, with reporting and accountability frameworks that clearly separate the NHMRC’s roles and functions from those of the department. The proposed governance arrangements establish the NHMRC’s chief executive officer as directly accountable to the Minister for Health and Ageing, while keeping the secretary of the department informed on a ‘no surprises’ basis. The bill’s provisions strengthen the NHMRC’s independence, provide clear lines of responsibility for governance and financial accountability, and allow the council to focus on issues relating to health, medical research and advice.
I now turn to the size and membership of the council—an issue raised by Senator McLucas. I will make some observations about Senator McLucas's comments. Senator Allison also suggested an amendment in relation to the size of the council. As has been noted by a number of reviews, the current membership of the council is unwieldy and not conducive to strong governance. Under the current legislation, the size of the council is 29 members, which are drawn from 17 prescribed bodies following an eight-month consultation process.

One of the purposes of this bill is to streamline the council membership while ensuring that the most appropriately qualified people can be appointed to the council based on the priorities for a particular triennium. Rather than prescribing the expertise for each and every position, as was the case in the past, the new legislation provides that certain people must be appointed, such as the chief medical officer from each state and territory. It then provides that at least six, but no more than 11, members must be selected with expertise in one of the listed areas or with other appropriate expertise. This means that if, in a particular triennium, there is a particular need for a person with expertise in environmental issues, for example, then such a person could be selected. This is a sensible change that recognises that priorities of the council change over time and that appropriately qualified and experienced people must be able to be appointed to the council. In this way we ensure that the council can respond to emerging issues and can provide expert advice on issues as they arise.

The reduction in the number of people on the council in no way reduces the breadth and depth of the expertise of this eminent body. Council members themselves have acknowledged problems with the current size of the council, and it may be considered testimony to the proposed legislation that no concerns have been forwarded by any council member regarding the proposed new council structure. Senator McLucas will be interested in that. The good senator has also expressed concerns regarding the disclosure of interest provisions. The legislation in no way waters down any disclosure of interest requirements. In fact, the legislation has been strengthened in that respect.

Previously, the legislation required council members to disclose their interests within one month of being appointed. There was no express requirement for interest to be disclosed prior to appointment. Despite this, it was always a matter of practice that members disclosed their interests prior to an appointment. The new legislation expressly provides—Senator McLucas will be delighted to know—that, before starting to hold office, members of the council and of both principal committees and working groups must give the CEO a written statement of any interest the person has that may relate to any activity of the council or committee. Interests must continue to be disclosed on an ongoing basis. This means that more than 500 people—including up to 24 council members, approximately 75 principal committee members and approximately 400 working group members—will be providing the CEO with declarations of interest. It is not appropriate that the minister be responsible for overseeing all of these disclosures. This responsibility has therefore been vested in the CEO.

On the specific issue of the appointment of council members, the CEO will be advising the minister on all relevant matters in relation to all possible candidates, including any possible conflicts of interest. It has always been the case in the past, in the absence of any legislation requiring disclosures to the minister prior to appointment, and this will continue to be the situation in the future. This will also be expressly covered in the

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agreement between the CEO and the minister.

I will now turn to issues regarding Indigenous matters. In their additional comments, the Australian Democrats and the Australian Labor Party have indicated that they would be concerned if the proposed restructure of the NHMRC were to have the result of diminishing the council’s capacity to respond to serious problems in Indigenous health. The mere suggestion that this might occur is quite scandalous. As my colleagues in this chamber are well aware, there is absolutely nothing in this legislation which even remotely suggests that the capacity of the council to respond to Indigenous issues will be diminished. The NHMRC’s capacity will not be diminished in any respect. Some senators appear to have misunderstood one of the main functions of the amendments, which is precisely to ensure that the NHMRC as a whole is best placed to respond to important issues, including, but not limited to, Indigenous health. The whole point of the changes is to clarify the governance arrangements to ensure that the council can focus on the provision of expert advice and that the CEO can focus on the smooth, transparent and effective management of the NHMRC as a whole.

Let me now turn to the appointment of the CEO. On 27 April this year, the Minister for Health and Ageing announced the appointment of Professor Warwick Anderson AM as the new Chief Executive Officer of the NHMRC. Professor Anderson brings a wealth of experience to this position. Indeed, since 1991, Professor Anderson has contributed extensively to the work of the NHMRC, including chairing the research committee for two triennia.

As Head of the School of Biomedical Sciences at the Faculty of Medicine, Nursing and Health Sciences and Head of the Department of Physiology at Monash University, Professor Anderson’s responsibilities have included management, administration and financial accountability issues. With the responsibilities and accountabilities assigned to the CEO under these new governance arrangements, it is fortunate that the government has been able to secure a person that brings such a wealth of high-level management and scientific expertise to the position as Professor Anderson brings.

I would also like to take this opportunity, on behalf of the minister, to thank Mr Bill Lawrence for acting as the NHMRC’s CEO throughout this transitional period. I am aware, as advised by the minister, that Mr Lawrence’s sensible and calm leadership through this transition has been appreciated by all, stakeholders and staff alike, and his commendable performance has not gone unrecognised. The minister wishes Mr Lawrence every success in his future endeavours.

Finally, it gives me great pleasure and it is an honour to commend this bill to the Senate on behalf of the minister. The bill provides the NHMRC with a sound governance platform on which to build upon its successes to date and to lead Australia’s future strategic direction in health and medical research.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.23 am)—by leave—I move Democrat amendments (1) and (2) on sheet 4916:

(1) Schedule 1, item 52, page 20 (line 21) after “following”, insert “, so that all of the following are represented on the Council”.

(2) Schedule 1, item 52, page 20 (after line 29), after subparagraph 20(2)(g)(vii), insert:

(viia) a background in, and knowledge of, the trade union movement;
(viib) the needs of users of social welfare services;
(viic) environmental issues.

These amendments go to the question of the expertise of council members of the NHRMC. I noticed that Senator Kemp said that what was being proposed by the ALP and the Democrats was an increase in, or at least a change to, the size of the NHMRC council. That is not correct. In fact, we were assured during the hearings of the Senate committee inquiry that there were already multiple areas of expertise among the existing members of the council. As I think Senator McLucas mentioned, we want to see it clarified in the legislation that this will continue to be the case. That seems to be a little unclear in the existing legislation.

Senator Humphries talked about the lack of a necessity for some of these areas of expertise and also said that there were no submissions in support of the amendments that we have put or the complaints that we have expressed about this loss of expertise—and that is true. But the other point that I made was that there was very little time for submissions, as this is another bill which is being rushed through, and we did not hear from the existing council. There seemed to be no avenue for us to ask them what they thought about the removal of this expertise. So we are to some extent in the dark on this issue. However, it seemed to us that leaving in these requirements for such expertise would do no harm, as it were, because of the multiple levels of expertise that are available.

I do take issue with Senator Humphries’s claim that expertise in trade unions, for instance, has no role, that it is not relevant. What about occupational health and safety? That is one area that comes to mind, and I am sure there are many others, where one would like to think that the NHMRC had a perspective from the union which might take that issue into account in determining priorities, grant application funding and so forth. Why remove expertise on the environment? Probably one of the biggest issues facing this country is climate change. We know that we are likely to see malaria and vector-borne diseases coming further south than is the case at present. That is just one example of where the areas of environment and medical research would coincide.

There is also the business of water and water treatment which we are going to have to face more and more as we deal with the problem of water shortages. We will have to look more and more at reusing water. Whether it is reusing it on the garden or reusing it to drink is another question. But I would have thought there was a really important health issue associated with water. I am certain that we could find many other examples. Air quality would be another one. That is very much a health issue. We know that people who live even quite considerable distances from arterial roads have much higher levels of cardiovascular illness. So you cannot separate the environment from health, and it is quite appropriate for someone who has expertise in this area to be on the council. The same can be said for a background in the users of social welfare services.

That is what these amendments go to. They insert a requirement for areas of expertise which are currently held by the council. We heard no real argument from the department for why such expertise should be removed, except to say that this was part of the streamlining process. That was on the one hand. On the other hand, we heard that it was not really necessary because most people have multiple levels of expertise. We stand by our argument that this requirement should remain in the legislation and I put it to other senators that this would be sensible. In the absence of any arguments to the contrary—as to why this should not happen—I would
argue that these amendments should be supported.

Senator McLucas (Queensland) (11.29 am)—I rise to indicate that Labor will be supporting the two amendments that we are dealing with at the moment. They reflect the comments that I made during the second reading debate. Senator Kemp made a comment that these amendments would increase the number of people on the council—that is not necessarily so. As Senator Allison has indicated, we recognise there are people with multiple expertises who can be on the council and therefore cover off the three particular items of expertise that are indicated in these amendments.

Senator Kemp actually used the example of environment: that we would need a person with expertise in environmental issues from time to time. Can I say to Senator Kemp that the interface and interrelationship between the environment and human health is ongoing and will never be severed. It is not an issue that you can have from time to time. The reality is that we will always have to consider environmental questions when we are talking about human health. To say that we might need someone who knows something about, say, climate change from time to time indicates that you can turn on and off the environment and its relationship with human health. That is not the case and we think it is extremely important that someone with environmental experience is able to bring that expertise to deliberations of the council on an ongoing basis.

I note that Senator Kemp did not use the example of someone with trade union experience because, in my view, this is simply a philosophical position of the government—they just get rid of everything that has to do with the representation of workers and workers’ experience. This is another case of cutting off your nose to spite your face. Someone with experience in a trade union, as Senator Allison said, would bring an important understanding of the operations of occupational workplace health and safety.

I also note that there is a move for the NHMRC to increasingly build links with business. That is to be commended and lauded but part of that process, surely, is that we make sure that we are considering the role of those people who will work in those new partnerships. Yes, we are really pleased that business is going to be represented on the council in order to facilitate the sort of thinking that will move the NHMRC to another level, but at the same time let us not forget that there is a group of workers who are going to be involved in that transition and their needs also need to be represented. Labor will be supporting these two amendments and I hope the government will be able to respond to the issues that we have raised.

Senator Moore (Queensland) (11.32 am)—I take the opportunity to make some comments in this debate. Concerning the process of the size and make-up of the NHMRC, in the committee process there were questions back and forth to try to understand exactly the science behind the reduction of numbers. I take it that the effect of this legislation will mean that there is going to be a reduction from 29 to 25. I was told, after a number of questions, that there was in fact no particular science in the numbers; that there was general agreement that there needed to be a reduction because there were feelings that too large a committee made it more difficult for people to come to any kind of decision.

Then we got into a debate about the skills that were inherent in the process. We were told by representatives from the department that it was expected that the range of skills that we were questioning would be picked up
in the various people that came forth, and these skills were inherent in the selection of the people who were going to come forth. That is not particularly comforting in terms of the process. I think it is important that there is an understanding and a transparency. It was my understanding that one of the major reasons for the blow-out in the numbers of the committee—and maybe the minister can confirm this—was the process whereby every chair of a committee was added to the core committee numbers, which meant that the numbers got larger and larger as it went through.

For the record—and also to have some discussion from the minister about the background to the process—just removing the limitation around various areas in itself does not make a strong committee. I think the need for expertise would be a greater argument in favour of an increase. But, again for the record, I reject totally this concentration, which was generated by the Uhrig report, on size being so important. This concentration on reducing size meaning that this will somehow be more effective is not to me the best argument for any kind of make-up of a committee.

Could we have some comment from the minister on the amendments that Senator Allison moved? Is there any science in the number of 25, which is now the make-up of the committee? Does that have any particular focus? What are the guarantees that the kinds of skills that were actually legislated for previously will be picked up? Senator McLucas has picked up the point that we could not even get on record in the committee process any argument about the role of trade unions.

Senator SANTORO (Queensland—Minister for Ageing) (11.35 am)—I have listened very carefully to the arguments that have been put forward by Senator McLucas and Senator Allison, and some fairly extreme statements have been made. Just addressing the last point that was made by Senator McLucas on size, I ask: how often would Senator McLucas, Senator Allison or anybody else within this place have sat around considering the operations of a committee, whether it be a political committee or a non-political committee, and exclaimed in total frustration that the best committee is a committee of one?

Senator McLucas—Just get rid of the whole thing.

Senator SANTORO—No, that is not what we are doing.

Senator McLucas—That is the extrapolation of what you are saying.

Senator SANTORO—No, it is not because it is very clear within the legislation that we are considering here today what a preferred size is according to the amendments that are before us. It is not a committee of one and it is not a noncommittee. I think the general principle that larger committees become unwieldy at times when considering important business is generally accepted as a principle of management. I think it is quite reasonable to put forward that point of view and I think that if you try to argue differently out there in the general community your particular argument would not receive much favour or support. Obviously the Senate committee that reviewed this piece of legislation agreed and, it seems to me, agreed unanimously. So the point that I make is: I note your concerns but I do not accept them as being reasonable and I do not think that you would have much success in selling those concerns in the general community.

The point that was made about some philosophical bent by the government to exclude members of the trade union movement from advisory committees is rejected. The government does not have a bent against
members of the trade union movement. There are many government-appointed committees in which members of the trade union movement are represented. We do not ask people: ‘Are you a member of a trade union?’ and exclude them from membership of government committees. I am sure that dozens of examples could be brought up and enunciated. So we reject that we have a bent.

Senator George Campbell interjecting—

Senator SANTORO—The Howard government would not have been elected in 1996, 1998, 2001 and 2004 without the support, in at least two of those elections, of the majority of members of the trade union movement. That is simply and statistically provable.

Opposition senators interjecting—

Senator SANTORO—Honourable senators opposite ask me to name a few. I asked to check absolutely that there was a representative of the trade union movement on the Fair Pay Commission. That has been confirmed, and on the Award Review Taskforce Reference Group—

Senator George Campbell interjecting—

Senator SANTORO—There you go. We provide an answer and you come back for a second bite.

Senator George Campbell—that’s not an answer.

Senator SANTORO—that is an answer. There are two members, two designated trade union representatives, on the Fair Pay Commission and the Award Review Taskforce Reference Group. As I said, if I spend a bit of time checking during the next couple of hours, I am sure I can come up with dozens more examples to disprove the absolute statement that was made by one of the opposition senators that we want to get rid of all trade union representation on government-appointed committees. It is just not true—and you should not say things in this place that are not true.

Senator Allison was quite right to say that there is an almost unlimited list of types of expertise that may be relevant, and she was quite right in identifying some of them, such as climate change. There could be occupational health safety and there could be air quality. I think that Senator McLucas and Senator Allison have pulled out quite good examples for consideration. That is precisely why all of these things have not been expressly listed in the bill: because they change over time, and from time to time different types of expertise may be required depending on the issue that is being considered.

That is why the legislation leaves open the number of places for people with appropriate expertise to be brought on, depending on the needs at the time. I would hope that would be acceptable as a reasonable proposition in this place, as it would if we went out into the wider marketplace amongst the people who elect us to this place. I think, with respect, that you would find it quite difficult to sell the argument that some flexibility is not a good thing in terms of leaving open positions to be filled by people with relevant expertise at a time when that relevant expertise is needed.

Going back to the size of the committee, a number of reviews have—as honourable senators opposite have—concluded that the current membership and the size of the membership is not conducive to the most effective operation of the committee. Those reviews included the ANAO review, the Grant review, the Wills review and, more recently, the Senate Community Affairs Legislation Committee review. It is not as if this government have rushed in here. We did not get a rush of blood to the head and say: ‘Okay, we are going to cut down the size of the membership of the committee.’ It is be-
cause we think that, as, generally speaking, the principle is that smaller committees operate in a less unwieldy manner, it was a good thing. There have been some significant reviews of the way the committee operates. I have named three, and we have taken note of those recommendations.

Under the current legislation, the size of the council is 29 and it is drawn from 17 prescribed bodies following an eight-month consultation process. I do not think we need to apologise for wanting to streamline that process, which, as Senator Humphries and others—which, particularly at a Senate committee inquiry level—have stated, is unwieldy. Rather than prescribing the expertise for each and every position, as was the case in the past, the new legislation provides that certain people must be appointed. There is recognition that some people with relevant expertise must be appointed, such as the Chief Medical Officer for each state and territory. The bill, as we have all stated repeatedly, provides for six but no more than 11 members to be selected for expertise, either in one of the listed areas or in other appropriate areas of expertise.

The legislation also provides flexibility so that one member can be appointed for expertise in a number of different fields. That is also a very good innovation. You have acknowledged that.

Senator McLucas—That’s the point we are making.

Senator SANTORO—The point is that flexibility within the bill as provided by this amendment seems to be acknowledged by everybody except, for some reason which I am not quite convinced you have explained properly, when it should be applied. We have listened to your argument but we are unconvinced that your amendment deserves our support.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.43 am)—The minister has not been able to give us any cogent arguments for dropping off those levels of expertise, but I wonder if he can answer the question which was not able to be answered satisfactorily in the inquiry. Why do we now have a new category of expertise? We have dropped off trade union, social welfare and environmental expertise and an eminent scientist. Instead, we have a new category of person who has expertise in ethics relating to research involving humans. Can the minister explain why this was a new category and why this needs to be identified in a specific way, whereas those other areas were removed?

Senator SANTORO (Queensland—Minister for Ageing) (11.44 am)—There are pretty good reasons, in answer to Senator Allison’s question regarding the necessity for a new category of person to be on the council with expertise in ethics relating to research involving humans. It needs to be stressed that the legislation does not require that a person with experience in ethics relating to research involving humans must be appointed. The legislation does not require that at all. Rather, the legislation—as I have stated but will state yet again—provides that at least six but no more than 11 persons with expertise in one or more areas on a list of skills and qualifications must be appointed. One of the people that can be selected is a person with expertise in ethics relating to research involving humans. I do not think that anybody in this chamber or, indeed, within the broader community would object to serious consideration being given to the appointment of such a person. Arguments regarding ethics in this area of research are very strong out there in the community, and I think that there would be very broad acceptance if consideration was given to such a person being appointed.
The inclusion of this category will, in most cases, enable the appointment of the chair of AHEC to council, noting that the chairs of the principal committees are no longer automatically appointed to the council but, rather, council members must be appointed first with chairs being drawn from council. Including as a possible category of membership a person with expertise in ethics suggests an obvious potential person to be the chair of AHEC. The proposed legislation simply provides flexibility to ensure that the most appropriate people can be appointed to council.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.46 am)—To clarify that, we are aware that the chair of AHEC must be on the council. That is a given, and quite rightly too, but I am still not clear whether out of that at least six but not more than 11 members there can therefore be two members and perhaps even six with expertise in ethics. Are we talking here about effectively doubling the number of members who have ethics expertise, and may have only ethics expertise, as opposed to the number that have been dropped off? You say it is not required. Does it also follow that those with expertise in the other categories—that is, health care training, professional medical standards, medical profession and postgraduate medical training, nursing profession, public health research and medical research issues, and public health—are also not required? Could we have a situation where there are two members under the existing council in that category specifying at least six but not more then 11 who would have expertise just in ethics? Who would they displace if that were the case?

Senator SANTORO (Queensland—Minister for Ageing) (11.47 am)—I do not quite seem to understand the direction of Senator Allison’s questioning. You have put forward a far-fetched hypothetical scenario. Sure, the legislation does not require that a person with experience in ethics relating to research involving human beings must be appointed. If you want an honest answer from me to your question—and I am always strongly inclined to give totally honest answers, particularly in this place—I would say that, yes, it is possible for six ethicists to be appointed by using the flexible provision of this legislation. But I want to ask senators in all seriousness—and this question could also be asked in the general community—what appointment process would place itself in the ridiculous position of having one level and one type of expertise that is over-represented on the committee to the exclusion of what would undoubtedly be other categories of relevant expertise that could usefully provide advice on the committee? The answer is, yes, it may be possible, but it is highly unrealistic that that would be the case. People like me would argue that there probably is a need from time to time—perhaps frequently—for an ethicist to be available to advise on a committee such as the one we are discussing. Hypothetically speaking, if I were the responsible minister, would I appoint six? Would six such appointments be contemplated let alone made? I strongly suggest to you, Senator Allison, that that would not be the case.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.49 am)—I understand and hope that the government would not fill all these positions with one area of expertise only, whether it is nursing or ethics. The reason we are having this debate is that there is a very specific change in the legislation, and it is to take out some areas of expertise specifically and to put in one particular expertise—that is, ethics. As I understand it the chair of AHEC is already on the council as a member at the present time. As that will be the case under this new legislation, why was it necessary to specify eth-
ics, given that that expertise is already there by virtue of the chair of AHEC being on the council?

Senator SANTORO (Queensland—Minister for Ageing) (11.50 am)—I do not think that I can add substantially beyond the answer that I have just provided to Senator Allison, but let me make a couple of further points. The point is that the chairs of committees are drawn from council. The chair of AHEC will usually be the person with expertise in ethics. However, it is possible that the person appointed chair of AHEC might be a lawyer or, say, a person with special expertise in people with disabilities. In this case, you may also want a person with expertise in ethics. That may be a scenario that arises. Again, this legislation is flexible enough to provide for a person with expertise in ethics to be appointed in the absence of the chair of AHEC not having that specific expertise.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.51 am)—I will not prolong this debate any further. I do not think we are going to get too much further with it. However, it is ludicrous to suggest that the chair of the Australian Health Ethics Committee would have no expertise in ethics. If that is the case, we have the wrong chair. I would be very surprised if that were so.

Senator SANTORO (Queensland—Minister for Ageing) (11.52 am)—I wish to put on the record the reason why this debate is going nowhere is that, with respect, the scenarios that are being put up by Senator Allison in particular are far-fetched. Those far-fetched scenarios include the possibility that we may want to appoint to the council six representatives with expertise in ethics. This government, in terms of its appointments, appoints on the basis of merit and, particularly in the case of what we are debating, on the basis of relevant expertise. We do not have any ideological bent that will prompt us to appoint to the council six people with expertise in ethics, just as we do not have an ideological bent that means we will not appoint to the council people with union connections, or members or officials of unions.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.53 am)—Minister, you made the point about six members with expertise in ethics. I did not suggest that. It should not be said that this was a suggestion that I made—or, indeed, that the ALP made. I did no such thing. It is not unreasonable for senators in this place to ask the minister why a change was made. I do not think we have been given a satisfactory answer. I am pleased to hear that the government makes all appointments on merit. If that is the case, there will be no problem with supporting the amendment which I will move shortly to that effect.

Senator McLUCAS (Queensland) (11.54 am)—I do not wish to prolong the debate, but I need to make the point that the amendments will not necessarily increase the number. Senator Santoro, either intentionally or because he does not understand the intent of the amendments, has laboured the point that we are trying to increase the number. We have talked during the second reading debate and during this committee stage about the reality that is reflected now on the council, where people have multiple areas of expertise. I put on the record that these amendments do not necessarily increase the number of people who will sit on the council. So that argument against the amendments is negated.

Question negatived.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.55 am)—I move amendment (3) on sheet 4916:
(3) Schedule 1, item 52, page 21 (after line 4), before paragraph 21(1)(a), insert;
   (aa) to provide advice and to make recommendations to the Minister resulting from its deliberations; and

This amendment was supported very clearly by submissions from the vice-chancellors, who said they were deeply concerned about the prospect of the council having to go through the CEO—as it were, a kind of gatekeeper—in advising the minister. We share that concern. It is just possible that we may have a CEO of the NHMRC under the new arrangements who might have a narrow view on a whole range of issues. As I said in my contribution to the second reading debate, it could be about sexual and reproductive health or it could be about embryonic stem cell research. The views of the NHMRC, which might be broader and based on a more scientific approach, might be withheld by that CEO.

It should be remembered that the CEO is appointed by the Minister for Health and Ageing, who, as we all know, holds particularly conservative views on some issues relating to research in the medical field. We support the idea that the council, should it choose to do so, should be able to report directly to the minister. The CEO is put in a very powerful position if this is not the case and it certainly does not add to the accountability or scrutiny that might otherwise be afforded to that dialogue.

We fail to see why the minister would be so afraid of the NHMRC having direct communication with him in this case. I also invite the minister to explain the reasons why the government has moved in this direction, noting that the reason for having a CEO and for having a statutory, independent, stand-alone body was that the CEO would look after administrative matters and the council would get on with the business of research. If that is the case, if there is this separation, you would want to have an open line of communication between the council, with respect to its scientific research functions, and the minister.

Senator SANTORO (Queensland—Minister for Ageing) (11.57 am)—The amendment moved by the Democrats would enable expert advice to be provided directly to the minister. We suggest that it is possible for anyone, including council and committees, to provide advice directly to the minister if they wish to do so. Anyone can do this, and I suggest that this is a central tenet of democracy. However, the government has made it equally clear that there must be clear lines of accountability for both financial and operational issues associated with statutory bodies. It is critical that the CEO manages all aspects of the NHMRC, including the flow of advice from the council and its principal committees. This ensures that the minister is not presented with ad hoc advice that is outside the priorities of the NHMRC.

The legislation does, however, have an important safeguard in that it expressly describes the process for council and committees to develop advice and the process by which the CEO operationalises this advice through guidelines and recommendations. The legislation expressly provides that the CEO cannot change the advice of the council, irrespective of what his or her personal views may be. The development of advice through council and up to the CEO is also a transparent process that is subject to annual reporting. In this context the government does not support any measure that undermines this transparency or continues the confusion surrounding lines of accountability and advice. For those reasons, the government cannot support the amendment moved by Senator Allison.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (11.59 pm)—I
have a question on that comment: will the council be advised as to what the advice is which is given to the minister by the CEO? How open and accountable will that process be?

Senator SANTORO (Queensland—Minister for Ageing) (11.59 pm)—The advice that I have just received is that the answer to your question is yes.

Senator McLUCAS (Queensland) (11.59 pm)—I indicate that the Labor Party again will be supporting this amendment. The reasons for doing so are twofold—there was originally one reason until Senator Santoro made an earlier comment. When we establish organisations, we put in place structures that reflect the principles that underlie them. If we want a situation where the council of the NHMRC can feel confident about making representations to the minister directly, as a council not as individuals, then we will put that in the legislation. It will be clear. It is probably something that will never be used but it underlines the respect that the legislation affords the council. The opportunity afforded by this amendment cements that. It gives the council a level of respect that says, ‘Your technical advice will be respected irrespective of whether you are in a situation where the CEO does not want to pass that on to the minister.’ That is the intent of this amendment. It says very clearly to the council that their advice will always be respected irrespective of whether there would be potential conflict between the CEO and the council. I do not foresee from recent experience or in the future that this amendment would have to be used, but it is there to protect the independence of the council and to say to the council: ‘We respect the advice that you would want to bring to the minister.’

Senator Santoro, in his response to Senator Allison, said that it does not stop any council member making representations to the minister and giving them their advice. I put to Senator Santoro that that is the sort of adhocery that you said would occur if this amendment would proceed. We do not want that sort of adhocery. We do not want a situation that encourages members of the council to get on the telephone and make direct representations because they do not feel that their expertise and their advice is being respected. I put it to you, Senator Santoro, that adoption of this amendment would put in place a system that avoids the adhocery that you suggested would not be desirable.

Senator SANTORO (Queensland—Minister for Ageing) (12.02 pm)—To make it perfectly clear, we are talking about advice that the council may wish to provide to the minister. The advice that I have received is that advice needs to be provided directly to the minister on instructions of the council and that advice provided to the minister is tabled at the subsequent meeting of the council. So the council would be very much aware of what advice was given to the minister at its next meeting and would be able to take up any issues, particularly issues of concern, about how the advice was tendered, let alone the content of the advice. We are talking about how the council provides advice to the minister and what guidelines and safeguards are put in place that will ensure that the CEO provides advice that faithfully represents the views of the council.

The adhocery that you mentioned in terms of people being able to talk to the minister and to anyone else, including each other, is a fact of human life and interaction. People will provide personal views to each other, ministers or whoever else all the time. What we are debating is how the council advises the minister. The safeguards are there, including reporting back formally, as I have been advised, at the subsequent meeting of a council as to what advice has been provided to a minister. So the government does not
accept that by not supporting this amendment we will be introducing adhocery into the process of reporting back to the minister.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.04 pm)—I wish to clarify a point in the minister’s remarks. If the CEO is at odds for some reason with the council and puts to the minister something which may not be complete in terms of what the council put forward or may be different in some respect, the CEO is required to advise the council of this and to table whatever it was that was given to the minister. What recourse does the NHMRC have with regard to that? I do not think you are suggesting that whatever the council wants to be passed to the minister is passed intact to the minister, or are we wrong?

Senator SANTORO (Queensland—Minister for Ageing) (12.05 pm)—The advice that I can give to Senator Allison is that the CEO cannot amend resolutions or advice of the council. As I mentioned in my substantive reply to you earlier on, there are processes by which the CEO operationalises his advice through guidelines and recommendations. The advice I have is that the CEO cannot amend resolutions and determinations of the council in terms of advice to the minister.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.05 pm)—Thank you to the minister for that advice. I think it is useful to have it on the record.

Question negatived.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.06 pm)—I move amendment (1) on sheet 4915:

(1) Schedule 1, item 69, page 25 (line 13), omit “after consulting appropriately”, substitute “subject to subsection (2A)”. This amendment goes to the question of consulting appropriately. The bill removes the need for the minister to consult with state and territory health ministers in the appointment of the chair of AHEC. Can the minister advise what ‘consulting appropriately’ might mean—which persons would fit within the category of being appropriate for consultation—and what he sees as the likely outcome of this failure to need to consult with state ministers?

As I said in my speech on the second reading, I would have thought that since this is a national health and medical research council we would want the state ministers for health to be both engaged in and consulted on these appointments. I can understand that it is a bit more time consuming to get the agreement of state health ministers, but perhaps the minister can tell us when this has been such a terrible problem in the past and how this is going to overcome it. There are a lot of questions there, Minister, I am sorry. But if you could respond to those that would be useful.

Senator SANTORO (Queensland—Minister for Ageing) (12.07 pm)—The amendment of the Democrats proposes that a code of practice be established for the appointment of members to the council. My colleagues would be aware that the legislation currently requires that both council and AHEC members only be appointed not only following consultation with the states and territories but also after seeking nominations from 18 prescribed different bodies. This process routinely takes in excess of eight months.

The bill before us proposes a more streamlined process which still ensures that there is appropriate consultation before any appointments are made to council or to any principal committees. By contrast, the amendment of the Democrats simply adds another layer of bureaucracy by requiring that a code of practice be developed. Rather than ensuring that the best people for the job
are appointed to the council, the proposed amendment simply adds, in our view, more prescription. This is particularly unnecessary in light of the fact that all appointments to council are highly transparent.

The NHMRC currently adopts a comprehensive process for seeking nominations and short-listing nominees for council. This currently encompasses consideration of suitability, gender, equity and geographical distribution. This is not a legislative requirement but simply good process. This will not change under the proposed new arrangements. The NHMRC will continue to follow this well-established process. All appointments are also announced publicly. They are posted on the NHMRC website and published in annual reports of the NHMRC. Again, none of this will change under the proposed new arrangements. There will continue to be this very high level of transparency. It is for these reasons, Senator Allison, that the government does not support the amendment moved by your kind self.

Senator McLUCAS (Queensland) (12.09 pm)—Labor will be supporting this amendment. I acknowledge—and we spoke of this at length during the committee inquiry—that the current requirement for the number of people who need to be consulted does result in a very time consuming process. That is possibly not the way we should be heading. But removing the requirement to consult from the existing legislation and being clear about who needs to be consulted and moving to consulting appropriately is a huge leap. I think it is only appropriate that we know who is not going to be on the list of people who are going to be consulted. Let us find out what that means. Let us find out who is now not going to be consulted so that we can be clear about who is in and who is out from now on.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.10 pm)—If the minister could turn his mind to answering this question, it would be useful. I do not think we on this side of the chamber are at all clear about what it means by ‘appropriate’. May it be appropriate not to consult anybody under some circumstances? Let us take the case of the chair of AHEC. What would be appropriate in this respect? Would it be one health minister from one state as opposed to all of them, or none of them? What is the intention here?

Senator SANTORO (Queensland—Minister for Ageing) (12.11 pm)—Again, it is a very wide-ranging, hypothetical question that is being put to the government by Senator McLucas and Senator Allison. The amendment that is being proposed would be very prescriptive and would require a list of people and bodies that need to be consulted, which would be unwieldy and certainly not enhancing of good process of consultation.

The question is asked: who do you not intend to consult? There is no answer that can be given to that question, because the government has not set about putting forward amendments to the legislation with a view to excluding anybody. It is just not reasonable, with respect to senators opposite, to put that proposition forward in this place or anywhere else with any credibility. For that reason, and for the reasons that I have stated, we will not be supporting the amendment.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.12 pm)—That is just not good enough. We have before us an amendment which takes out a specific requirement and puts in a more general requirement. All we are asking is: why is this the case, what are the implications and who will now be consulted? The legislation tells us that state and territory health ministers will be consulted in the appointment of the
chair of AHEC. That has been removed. Why has that been removed? It takes a long time—fair enough. But, if that takes a long time, what are we doing now? What is the new arrangement? Is it so unable to be articulated that we must accept that it might be the health ministers still, it might be somebody else or it might be nobody? I do not think it is fair to say this is too broad a question to answer, because we are going from the specifics to the broad. We are interested in why this is the case. With respect, I think the government needs to have some sound arguments before simply dismissing this as an issue which does not warrant any argument from the government or any assurance of how the new system is going to work. We would not be asking the question if there was no change, but there is a proposed change and, as I said, it is from the specific to the non-specific. I think it is incumbent on you, Minister, to explain why that is the case.

Senator SANTORO (Queensland—Minister for Ageing) (12.13 pm)—One of the cornerstones of this amendment to the legislation that we are debating is flexibility and good governance. As we have repeatedly stated in the second reading debate and now in committee, the government thinks flexibility is a good principle to be applied to the legislation that we are debating. I again repeat that it is certainly not a case of who is in and who is out. Currently, the legislation prescribes 18 bodies that need to be consulted, but in fact many more are actually consulted and have been consulted, as I have been advised.

The point is that we do not need this prescribed in the legislation. Lists of organisations date as organisations change. Any reasonable minister will consult widely, as has always been the case. Certainly the minister that I am representing in this place is a most reasonable person, and he will consult widely, as has been his wont. I do not know that I can make the point any more eloquently than I already have: the government sees that flexibility is highly desirable in terms of the legislation that we are debating. There is no hidden agenda. No intention has been developed in an open or, indeed, a subversive way to exclude organisations that need to be consulted when appointments are being considered and being made from being consulted. I think any reasonable airing of the principle that we are debating right now would attract considerable sympathy for the government’s position.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (12.15 pm)—Can the minister advise if state and territory health ministers were consulted about this change? It specifically does affect them, according to the schedule that was provided to us by the department.

Senator SANTORO (Queensland—Minister for Ageing) (12.16 pm)—I am not quite clear on the answer to Senator Allison’s question. I will take that question on notice and get back to her as soon as possible. However, on the issue of state and territory involvement, can I draw the senator’s attention to the fact that the legislation will continue to ensure that the states and territories are closely involved in important matters of national health and research significance. Not only will this occur through the Australian Health Ministers Conference but also through the NHMRC itself. The proposed new legislation expressly provides that the chief medical officer from each state and territory must be appointed to the council. This represents eight positions on a council of between 19 and 24 members. In terms of addressing the issues of state involvement and representation, I hope that is of some assistance to the senator.

Question negatived.
(2) Schedule 1, item 69, page 25 (after line 25), after subsection 41(2), insert:

(2A) The Minister must by writing determine a code of practice for selecting a person to be appointed in accordance with this section, that sets out general principles on which the selections are to be made, including but not limited to:

(a) merit; and

(b) independent scrutiny of appointments; and

(c) probity; and

(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.

This is the standard amendment that the Democrats apply to legislation in the hope of seeing legislative underpinning to what the minister claims to be appointment on merit which takes place at the present time. It requires the minister in writing to determine a code of practice for selecting a person to be appointed in accordance with this section. It sets out general principles on which the selections are to be made, including merit, independent scrutiny of appointments, probity and openness and transparency. Given the minister’s remarks a little earlier, I look forward to the minister and the government supporting us on this amendment.
appointed on merit and that the appropriate probity and processes are adhered to? In saying so, this amendment in no way reflects on the new chair of the NHMRC or, in fact, on any previous chair or interim chair of the NHMRC. This is a good practice that I think should be adopted and I commend the amendment.

Senator SANTORO (Queensland—Minister for Ageing) (12.20 pm)—I note the support of Senator McLucas for the appointment processes that she has just described.

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

The committee divided. [12.25 pm]
(The Chairman—Senator JJ Hogg)

Ayes……………… 31
Noes……………… 34
Majority………. 3

AYES
Allison, L.F.  Bartlett, A.J.J.
Bishop, T.M.  Brown, B.J.
Brown, C.L.  Campbell, G.
Carr, K.J.  Crossin, P.M.
Forsyth, M.G.  Hogg, J.J.
Hurley, A.  Hutchins, S.P.
Kirk, L.  Ludwig, J.W.
Lundy, K.A.  McEwen, A.
McLucas, J.E.  Milne, C.
Moore, C.  Murray, A.J.M.
Nettle, K.  O’Brien, K.W.K.
Polley, H.  Ray, R.F.
Sherry, N.J.  Siewert, R.
Stephens, U.  Stott Despoja, N.
Webber, R. *  Wong, P.
Wortley, D.

NOES
Abetz, E.  Adams, J.
Barnett, G.  Bernardi, C.
Boswell, R.L.D.  Brandis, G.H.
Calvert, P.H.  Chapman, H.G.P.
Colbeck, R.  Cooman, H.L.
Eggerston, A. *  Ellison, C.M.
Ferguson, A.B.  Fierravanti-Wells, C.
Heffernan, W.  Humphries, G.
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.
Ronaldson, M.  Santoro, S.
Scullion, N.G.  Troeth, J.M.
Trood, R.  Watson, J.O.W.

* denotes teller

Question negatived.
Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Senator SANTORO (Queensland—Minister for Ageing) (12.29 pm)—I move:
That this bill be now read a third time.

Question agreed to.

Bill read a third time.

STUDENT ASSISTANCE LEGISLATION AMENDMENT BILL 2005

Second Reading

Debate resumed from 27 February, on motion by Senator Kemp:
That this bill be now read a second time.

Senator WONG (South Australia) (12.29 pm)—I rise to speak on behalf of the Labor Party in relation to the Student Assistance Legislation Amendment Bill 2005. On the face of it, the major reason for the bill before the Senate today is to enable the government to legislatively close a student loans scheme that it had earlier shut by administrative means. But, in moving to strip from legisla-
tion this student income support measure, the Howard government lays bare the absence of any suitable alternatives. This bill is a testament to the bankruptcy of this government’s policies in relation to student income support.

Before I traverse the details of this government’s sad and sorry record in the area of student financial assistance, it would be good for the chamber to consider the circumstances that have led to the Senate considering this bill today. Back in October 2003, the Howard government attempted to shut the Student Financial Supplement Scheme by legislation and it failed—it failed to muster sufficient support from non-government senators. Seeing the writing on the wall, the government chose not to proceed with the bill. However, the saga did not end there. Following the withdrawal of the bill, the government announced that it would close the scheme using administrative means. And so it was in December 2003 that the then minister for education announced that there would be no new loans from the Student Financial Supplement Scheme from 31 December of that year. Effectively, the government thumbed its nose at the parliament, and at the Senate in particular, and simply decreed that this scheme was no longer open for business.

The present bill is yet another attempt by the government to expunge from the statutes all references to the Student Financial Supplement Scheme—a scheme which filled a particular need for students requiring additional income support. This scheme provided extra options for students in ways that could be tailored to suit the individual circumstances of the students.

In 1993, the first year of the operation of the Student Financial Supplement Scheme, some 44,000 students took advantage of the new financial supplement. By 1996, the number of students with a financial supplement loan had grown to some 68,000—around 13 per cent of all Austudy and Abstudy recipients. Although it is correct that most loans were accessed through the scheme between 1995 and 1999, a large number of students were assisted by this flexible facility beyond those years. In fact, in excess of 200,000 loans were made available through the scheme in the last five years of its operation, between 1999 and 2003.

In 2002, just under 40,000 students applied for and accepted these loans. It is worth while considering who these people were when one looks at the impact of the closure of this scheme. Of these students, 15.6 per cent were Indigenous, 1.6 per cent were from remote regions, just over 15 per cent were recorded as single parenting payment recipients, 12.2 per cent were not born in Australia and some 54.7 per cent—the great majority of the applicants who received loans—were women.

These figures reinforce 2003 data provided by the government that disclosed that the largest beneficiaries of these loans were low-income earners—students who were single parents, disabled or Indigenous—who could not access support from other sources such as their parents or who faced other constraints in the labour market. It is clear that the scheme was of greatest assistance to the most financially vulnerable students. Without it they were at grave risk of not being able to complete their studies. It was no great shock that, when the Howard government pulled the rug from beneath the feet of these students in 2003 through the sudden closure of the scheme, many were left in a difficult situation.

Whilst we in opposition accept the reality that the government has effectively closed the Student Financial Supplement Scheme, we are not prepared to meekly accept that a
student income support scheme should be jettisoned without anything being put in place to fill the void. That this void has been permitted and in fact created is completely consistent with the track record of the Howard government, its manifest lack of adequate income support for students and its seeming disinterest in the real hardships faced by many students during their studies.

The June 2005 report of the Senate Employment, Workplace Relations and Education References Committee on student income support exposed the severe shortcomings of the government in this particular area of public policy. The report’s preface states:

Over the last decade the student income support system has operated in a policy vacuum. It is now showing the signs of this neglect. The government’s preoccupation with program efficiency over policy effectiveness and continuing problems with Centrelink’s delivery of payments have taken their toll on students. The current level of income support does not come close to providing students with a decent living wage to cover the cost of accommodation, food, bills and transport. The level of income support has been falling steadily behind the rising cost of living. This has resulted in many students experiencing severe financial hardship and poverty.

The evidence from the Senate inquiry, from numerous reports on student finances and the experiences of students is clear—more students are working and more students are working more. Student income support policy has simply been neglected by the Howard government.

At the same time, a whole range of other student welfare and support services are set to disappear following the passage last year of the VSU legislation. We have already seen evidence of the ways in which this legislation and the abolition of student unions will make life tougher for students, particularly those who are in dire need of support. The harsh reality on many campuses right now is that these services are already closing down. As we in the opposition and other parties in this chamber predicted, student welfare and support services have been amongst the first to go. I will not canvass in detail here the generally detrimental effects of VSU legislation. They have been well canvassed in many places, not the least of which is this chamber.

The Howard government cannot rely on the excuse that it was not given volumes of credible evidence about the disastrous effects its policies are having on a range of disadvantaged students, such as those from rural areas. A national report by the University of Melbourne’s Centre for the Study of Higher Education released in June last year showed that students from rural backgrounds are twice as likely as their urban counterparts to defer studies at university. The research report was entitled The first year experience in Australian universities: findings from a decade of national studies. It showed that nearly one in five rural students deferred university compared to one in 10 students in the broader population. The report found:

The reason for this difference is ... likely to be the greater need for rural students to accumulate savings to meet their additional costs of attending university.

The research concludes that students from rural backgrounds are being forced to delay commencement of their university studies because the Howard government’s income support is nowhere near enough to keep up with the living costs faced by these students. I would welcome some contribution to this debate, and to the issue of access to university by rural students, from the National Party—the great defenders of rural and regional Australia. Evidence has come before the Senate on a number of occasions about the harsh ways in which this government’s higher education policies negatively impact on students from rural and regional Australia. What do we hear from the National Party
about access to tertiary education for the
county they profess to represent?

Senator Stott Despoja interjecting—

Senator WONG—As Senator Stott Despoja points out, we in fact have no National
Party senators in the chamber currently for
this debate! I will now turn to another recent
report, *The impact of drought on secondary
education access in Australia’s rural and
remote areas*, by Margaret Alston and Jenny
Kent of Charles Sturt University. That study
similarly found that rural young people sim-
ply cannot afford to go to university any-
more. The report said that many families are
unable to support their young people away
from home and that there is a huge sense of
frustration that university education is no
longer available on a merit basis. The rem-
ey to this problem is, of course, in the gov-
ernment’s hands, but we in the Labor opposi-
tion will not hold our breath. We will not
hold our breath waiting for the Howard gov-
ernment to break its long-held habit of 10
years and do the right and decent thing by
students of this country.

The Labor Party have demonstrated our
commitment to policies which will provide
much needed relief from the financial pres-
sures on students in higher education today.
For example, at the last election, Labor pro-
posed fully costed and responsible policies to
better support struggling students by extend-
ing rental assistance to Austudy recipients
and by reducing the age of independence for
students on Youth Allowance from 25 to 23.
We on this side of politics believe that stu-
dents need better support if they are to get
the best out of their studies and we believe
that, if Australia is to get the best out of
them, we need to do more. In contrast, all we
see from the Howard government is a deep-
ening void. We see the cancellation of finan-
cial support schemes which could potentially
make the difference between continuing to

graduation and deferring or dropping out
altogether.

This bill also contains a clause that is un-
related to the closure of the Student Financial
Supplement Scheme but is potentially of sig-
nificant moment in relation to two further
income support schemes. There is a clause in
the bill which would appear to remove the
need to make new regulations each time the
guidelines for Abstudy and Assistance for
Isolated Children schemes are altered. Such
revision is described by the government as a
‘minor technical amendment’, but advice
received from the Parliamentary Library in-
dicates it is not minor at all and may have
major consequences for parliamentary over-
sight of important elements of these two
schemes.

One of the proper roles for any legislature
is to ensure sufficient scrutiny of the propos-
als advanced by the executive in enactments.
Appropriate levels of accountability demand
that such scrutiny and oversight occur in re-
lation to all instruments of legislative author-
ity. This is particularly the case for non-
statutory programs such as Abstudy. In fact,
in relation to Abstudy, it seems that the only
opportunity for the parliament to be aware of
changes to certain important components of
the scheme in the past was via the process of
notification from time to time of the date of
changes to the relevant Abstudy policy man-
ual, which is in effect the compendium of
guidelines made under the scheme. I say that
this was the case in the past, because the de-
partment of education has advised the rele-
vant Senate committee which conducted an
inquiry into this bill that references to
Abstudy and the Assistance for Isolated
Children Scheme have recently been re-
moved altogether from the regulations. Where
that particular act leaves parliamen-
tary scrutiny of these schemes is entirely
unclear.
I recognise that this issue is legally complex and difficult. We in the opposition are relying on the expertise of the Parliamentary Library’s research service to set out the two competing interpretations of the bill’s provisions in this regard. I would like to quote at some length from the Bills Digest prepared on this bill. It says:

The changes to section 48 of the SAA will modify the way in which notification obligations are to be defined. Under the new regime, the scope of the obligation can be defined by the Executive. These changes have an immediate influence upon the offence provision, section 49. Accordingly, the proposed amendment in Schedule 2, Part 2, item 10 is not without difficulties. In particular, should the broad view be followed, the proposed amendment could:

• remove parliamentary scrutiny with respect to the scope of the obligation and, as result, of the offence, and
• erode the rule of law because it has the potential to remove certainty from the obligation and the matching offence.

Parliament may want to consider whether the proposed law should be amended to put beyond doubt that the expansion of the regulation-making power does not include the determination of ‘prescribed events’, but is limited to the prescription of the notification process.

I wish to make it clear to the chamber that it is this advice, as contained in the Bills Digest, which has formed the basis for Labor’s amendment which I will move during the committee stage of the bill. For the reasons I have set out, and in particular because of the competing and valid legal interpretations of the consequences of the bill, I urge the government to consider the serious grounds that Labor has for proposing this amendment.

I also note with interest that the Department of Education, Science and Training has informed the Senate committee that they are prepared to make a recommendation to the minister—and I quote from the department’s evidence—to:

... include an express statement that, to remove doubt, the power in proposed subsection 48(2) is not intended to permit the determination of prescribed events in extrinsic materials and that prescribed events may only be determined expressly in the Regulations.

Immediately prior to consideration of this bill in the House of Representatives, the new Minister for Education, Science and Training tabled an amended explanatory memorandum which contained a statement in precisely those terms. Of course, the statement itself would now constitute extrinsic material for any court considering any case brought under the act as amended by this bill. However, during the debate in the House, the minister was asked to explicitly state whether this statement had exactly the same effect as the substantive amendment moved by the opposition. The minister would not, or could not, provide such an assurance. For this reason, the opposition intends to move the same amendment during the committee stage here in the Senate, and the minister responsible for the bill would be well advised to seek advice from officers on whether the added statement in the explanatory memorandum does indeed fully address the issues of concern raised by the opposition.

I stress that these concerns, while technical and legal in nature, go to fundamental issues of the powers of the parliament to adequately scrutinise legislation which impacts on the entitlement of Australians to income support benefits. In conclusion, this
bill as a whole will enshrine a much diminished set of options for student income support, against the backdrop of a government record of unalloyed policy failure in an area that is vital to the success of so many students who are in genuine need of assistance. Other provisions of this bill attack the role of the parliament as a watchdog on untrammeled executive power, and these are utterly unacceptable. For these reasons, the opposition cannot possibly support this bill in its current form.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

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

Naval Shipbuilding Inquiry

Senator MARK BISHOP (Western Australia) (12.45 pm)—As the Senate is aware, the Senate Foreign Affairs, Defence and Trade References Committee is currently inquiring into Australia’s naval shipbuilding industry. This inquiry was prompted by a concern on both sides of this chamber about the government’s decision to build three air warfare destroyers in South Australia. The concern of the committee is that both the economic interests of Australia and the strategic needs of our national defence need careful consideration. This is in the context of fears that some of the ships might be built offshore. The consequences of this would be the loss of future ship repair and maintenance capacity within Australia. With that, the stimulus that such projects would provide to Australian industry would clearly be lost.

I think it is fair to say that all members of the committee agree about the need to explore these two very important considerations. The committee wants to make sure that, whatever decision is finally made, it is well founded and defensible in both fact and policy terms. The terms of reference of the committee, which were drafted jointly by the government and me, are therefore very particular. First, we want to know whether our current industry base is capable of constructing large naval vessels over the long term on a sustainable basis. This is important because the worst thing for any economy and for particular industries is stop-and-start development.

Second, the committee wants to benchmark Australia’s industry with comparable overseas industries. The background for this is that often we hear that it is cheaper and more efficient to buy overseas and off the shelf. But, as we also know, it is not that simple. Third, the committee wants to establish the comparative costs of maintaining, repairing and refitting large naval vessels throughout their service lives if constructed here rather than overseas. The reasons for this are defence related during times of war and the need for self-sufficiency within that context. But we also need to establish the real costs of that option, and, if work is going to be sourced here as opposed to overseas, we need to know what realistic premium would need to be paid to locate the work in this country as opposed to sending it offshore for a marginally lower price. Finally, the committee wants to examine the real flow-on benefits and costs for our economy of any decision about where to build ships.

These are highly relevant terms of reference. The indicative cost of the three air warfare destroyers is around $6 billion. From bitter experience in the last 10 years, we know that this cost is guaranteed to double. The cost of two additional large heavy-lift amphibious ships, which could weigh up to 40,000 tonnes, is also considerable. The government has only recently announced the design and tendering process. Putting aside any defence considerations, this will probably be the single largest financial commitment of any government in Australia’s his-
Accordingly, we need to get it right.

Might I also add that this inquiry has nothing at all to do with the strategic decision to build these ships. There are indeed many questions to be asked about those two sets of decisions. They go to defence policy, to our long-term view of peace in the world and to our role in maintaining or contributing to the maintenance of that peace. That debate is for another time, but for the committee’s purposes with respect to our defence industries, it is a given. As I have said, our sole focus is to test the short- and long-term capacity of Australian industry to do the job and the real costs and benefits—if any—to the economy throughout the build task. In that way, we hope that the final decision as to how and where to build these ships will be based on the very best available analysis.

Further, and most important, we in the parliament who approve the expenditure of money need to be confident that the money will be spent well. Experience in recent years in the Defence portfolio gives us little confidence that that will be the case. Despite assertions to the contrary, naval shipbuilding has suffered all the cost overruns and delays that have occurred in many other projects in recent years.

Having set out the background, I do not intend to explore the substance of the issues flowing from the terms of reference being examined by the committee. The real issue is the attitude of the Department of Defence—and from this, I suspect, the government policy which might underpin the approach adopted by Defence in this inquiry. Fears have been heightened as a result of the minister’s recent announcement of a review of defence procurement policy and processes. To be very blunt, the Department of Defence submission to this inquiry is living proof of the poverty of defence industry policy. The review announced by the minister is therefore overdue. There has been extensive naval-gazing by the government over the last 10 years in this area, and it continues to be a mess.

The Defence submission, as interesting as it might have been, simply ignored the terms of reference. If its quality is representative of the manner in which the department has approached the whole consideration of the project in its submissions to government then we have a major cause for concern. I would like to think that that is not the case, but there are indications in the submission—borne out by questioning at public hearings—which indicate at least some major confusion in policy. It is easy to think from any literal reading of the submission that the Department of Defence believes that any decision to build these ships can be made only on the basis of a contestable market. There simply are no concerns about any shipbuilding industry beyond maintenance and repair. The bottom line, as clearly stated, is that, once these ships are built, the long-term responsibility for the costs of the inevitable boom-and-bust cycle would fall on industry and the taxpayer. That is the thrust of Defence’s submission in a nutshell. Defence quite simply sees itself as having no responsibility for the future of the shipbuilding industry, whether military or commercial.

Those in industry who struggle day by day with defence industry policy will not be surprised at this. Many of us receive representations from industries dependent on defence for their livelihood. Their concerns are the practices engaged in tendering and the commitment to retaining efficient and productive businesses. The cavalier, pure market approach expressed by the department in its submission is further evidence that something is amiss within Defence. Or is it confusion about government policy? Whichever it
is, I must say it is highly unsatisfactory and it needs to be resolved.

Of course, from past experience we all know about the difficulties of defence procurement in a small indigenous domestic market. We know that the defence industry is a monopsony, as it is described—that is, a single-purchaser industry. We know there are significant problems with client capture and the protection of patents in a necessarily secret, or commercial, environment. We also know the history of alleged shady dealing, bias, conflict of interest and all the bitterness that ensues from disappointed tenderers. We also know that the DMO, under Dr Gumley, is on the record as being committed to cleaning up that history. We wish them well.

But these are not the issues for this inquiry. The single issue is the policy of the government with respect to industry development in the long term. Is it really one of a pure contestable market for everything, as Defence would have us believe, or is the government dancing to the tune of the pure market economists in the bureaucracy? Are there other national interests at stake? To what extent has the government, for example, received advice from Defence on the very matters that are the subject of the committee’s terms of reference? What advice did Defence provide in its analysis of the capacity of Australian industry before it made its decision to build a brand new dockyard in South Australia for the three AWDs? What then is the policy with respect to public investment in privately owned infrastructure? What analysis was provided of the relative costs of building overseas, in whole or in part? What consideration was given to overseas experience in naval construction? And what detailed consideration was given to the cost benefits for the Australian economy of doing the work here? From the Defence submission to the committee, the innocent reader would say none. But that cannot be true; in which case one asks: why are we being treated like fools?

I think it is fair to say for the record that most senators on the inquiry expressed the same disappointment in the Defence attitude as I have. In fact, it is quite a contrast to read the excellent submissions by the governments of Western Australia and South Australia, as well as those from Victoria and major players such as the ASC and Tenix. Their interests clearly reflect the substantial nature and seriousness of this inquiry, and we are grateful for that evidence. One can only question why Defence insists on being so recalcitrant. As I mentioned, surely it cannot be because the work has not been done. It beggars belief that any government would make such a momentous decision on the two contracts involved in building those two sets of ships without that sort of advice being sought and received by the appropriate sub-committee of cabinet—the same sort of advice that the Senate committee is seeking. While I do not wish to make a political play of this, is it possible that such laxness has spread to government decision making? There are certainly signs of such adhocery elsewhere at present.

The current state of play is that the Department of Defence has been sent off by the committee to have another go. The committee has put to the department a whole lot of questions on notice derived specifically from the terms of reference. We hope that, at its next appearance, the department will at least come prepared to be more expansive on the relevant issues, notwithstanding that many decisions are yet to be made. Some clarification on industry policy would be a good start. Representation of the department by those actually responsible for this area would also be appreciated. We are making no criticism of the department’s witnesses at the committee’s first hearing but are criticising the fact that so many questions were deferred to oth-
ers who either chose not to attend or were simply not present. Whether this is indicative of broader and more contemptuous attitudes towards the Senate is difficult to say. But, as I have indicated on other occasions, the department is often inclined to flick Senate interests into the ‘too hard’ bin. That is not the accountability or the responsibility that we seek.

In conclusion, I repeat that this is a most important inquiry. It is fundamental to the future of our defence industry, and our concern, on current indications, is that that policy is a mess. Industry deserves better, and so do our national defence interests.

National Sorry Day
Indigenous Disadvantage

Senator SIEWERT (Western Australia) (12.58 pm)—I would like to take this opportunity to address the Senate on an issue that is very dear to my heart, and that is National Sorry Day. The organisation and establishment of a national day to commemorate, each year, the history of the forcible removal of Aboriginal and Torres Strait Islander children from their families was one of 54 recommendations made in 1997 by the Bringing them home report, the report of the National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from Their Families. People may or may not know that the report was brought down on 26 May 1997.

The Bringing them home report is a tribute to the strength and struggles of many thousands of Aboriginal and Torres Strait Islander people affected by forcible removal. We acknowledge the hardships they endured and the sacrifices they made. We remember and lament all the children who will never come home. We give our thanks to and express our admiration for those who found the strength to tell their stories to the inquiry and to the generations of Aboriginal and Torres Strait Islander people separated from their families and communities.

I would first like to acknowledge that we are on Ngunnawal land right now. I would also like to pause at this point to pay a special tribute to Mr Rob Riley, whom those from Western Australia will know. For many years he headed up the Aboriginal Legal Service in WA and was a pillar of strength for our local Nyungah community. He was also the one who would get up in the middle of the night when Nyungah street kids got into detention, to go down to the lockup to see if they were okay, that their rights were acknowledged and that they were treated with respect. Rob was one of the people who got the ball rolling in the early nineties with the first report into the stolen generations in Western Australia. This was a very personal issue for him, as he himself had been taken from his mother at the age of 18 months and brought up in institutions, being told lies about how his mother did not want him or that she was dead. He did not find out the truth about his family and his heritage until it was too late.

At the release of the first WA report Rob came out and told his story for the very first time in a very public way. It was a story about which his wife, kids and closest friends had no inkling. It was a story that involved long-term systematic sexual abuse at a very early age. Unfortunately, telling his story was not a release for Rob and, unknown to the community that had looked up to him for years, this brought with it a flood of grief which ultimately lead to a break-down of sorts and culminated in Rob, very uncharacteristically, being charged with drink-driving and hounded out of his job as leader of the ALS by the media. Within six months the despair had become too much for Rob and he took his own life. This tore the heart out of our local community. The big guy who had done so much for his mob and
had always been the first to offer support to those in trouble had himself been unable to reach out and find anybody in his time of need.

The one comment of Rob’s that sticks in my mind, something he shared with his students at the Centre for Aboriginal Studies at Curtin uni in the months before his tragic death, really sums up for me the tragedy of the removal of children and the lasting consequences that it has on Aboriginal communities. Rob explained how hard he found it to be a parent and to take on a role of which he had absolutely no experience. He said he did not know how to hold his kids and comfort them when they were hurt or sad, as nobody had ever held him. He felt that he simply did not know how to love them. He cared so much and wanted to make sure that the next generations of kids had the chances that he had never had. That used to cut him up. He feared that the tragedy of his generation was producing yet another tragedy, as Aboriginal parents who had been brought up in these uncaring institutions and had no experience of parental love and no parenting skills produced a generation of kids who were effectively out of control, living on the streets and getting themselves onto the wrong side of the law. They were doing this at an early age and, ultimately, were themselves ending up in institutions. I hope this story gives you some insight into why I feel so strongly about Sorry Day and the recommendations of the Bringing them home report, which is so very important.

This is the first part of why I have put up the motion that is before the Senate today. The second, more immediate, reason that I have raised this issue is that last year on 12 May 2005 Senator Aden Ridgeway moved a general business motion to change the name of National Sorry Day to National Day of Healing. He did so with the best of intentions and at the behest of the secretary of the National Sorry Day Committee. The motion was co-sponsored by the ALP and the Greens. Unfortunately, the secretary of the National Sorry Day Committee had acted too quickly in requesting such a motion. The members of the National Sorry Day Committee had not agreed to the name change, and community consultation had not taken place. These actions brought about a great deal of unintended distress and pain in many Aboriginal and Torres Strait Islander communities, particularly for members of the stolen generation. As co-sponsors of this motion, which was put forward in good faith and on the mistaken understanding that it was supported by the community, the Australian Greens wish to bring this issue to the attention of the Senate. We believe that National Sorry Day is extremely important and we support the wishes of the community that it keep the name of National Sorry Day.

For example, consider the issue of Anzac Day, which is a day of very great importance to Australians for what it remembers and commemorates. Many people in the Aboriginal and Torres Strait Islander community feel just as strongly about National Sorry Day and believe it is an important day for remembrance and commemoration. What explanation can we give to children whose parents, family, community and culture have been taken away from them by the ill-founded and paternalistic policy and the misguided notion that what was best for them was a kind of integration based on institutional care that aimed to prepare them for life as farmhands and domestic servants?

In recent times the notion of the family has come to take a central place in government policy and rhetoric. We have even seen a new party, Family First, come into existence. It is extremely ironic that this whole debate has excluded Indigenous families, particularly given the very central place that family plays in their cultures and their lives.
Their ideas and experiences of family are much larger and more inclusive than ours, as are their families, and their family obligations and ties are much stronger. The whole issue of the removal of children and the intense trauma created by the ripping apart of families is absolutely central to what the idea of Sorry Day, the journey of healing and the reconciliation process is meant to be. I ask you to look into your hearts and look at decent Australian values, to which everyone is committed and which play such a central role in the life of our nation, and I ask you to reconsider the importance and the need for reconciliation and social justice for Aboriginal Australians. To me, part of this is recognising the hurt that has been caused in the past and recognising and acknowledging National Sorry Day.

I would like to acknowledge the members of the National Sorry Day Committee who brought this matter to my attention. I thank Helen Moran in particular for her assistance and recognise the work done by the state and territory stolen generation Link-Up services and Sorry Day committees, as well as that done by ANTaR: Australians for Native Title and Reconciliation.

Returning to the issue of the Bringing them home report, I wish to reflect on what has and has not happened with the 54 recommendations of this report. We are coming up to the ninth year since it was released. I urge everyone to revisit these recommendations because I am deeply concerned that the vast majority are practical, sensible and relatively easily achieved but have not been implemented. It is disappointing that, nine years on, very little has been done with them. I believe this is a source of national shame.

The implementation of these recommendations into government policy and into the delivery of mainstream and directed services to Aboriginal and Torres Strait Islander communities would provide, I believe, a productive and constructive route into tackling the pressing and seemingly intractable issues of Indigenous disadvantage. In recent times, with the dismantling of ATSIC, the federal government has taken upon itself direct responsibility for addressing the plight of our Aboriginal and Torres Strait Islander communities, ensuring the delivery of mainstream services and guaranteeing that they are able to participate in the economy and the workforce so as to live constructive and meaningful lives with a level of health and a standard of living that is comparable to that of non-Aboriginal Australians. Unfortunately, there is a very long way to go to achieve these stated aspirations.

I want to take these commitments at face value and assume that the government, the Office of Indigenous Policy Coordination and the mainstream departments responsible for delivering basic services to Aboriginal Australians—including health, education, employment and housing—are sincere in their efforts and are merely struggling to work out how to deliver on these responsibilities. They are struggling to work out how they can make up for their past and ongoing failure to deliver basic services to Aboriginal Australians. It is extremely disappointing that, when we have so much largesse in Australia, the budget did not commit the resources needed to address Aboriginal disadvantage. For example, the Social Justice Commissioner, Tom Calma, pointed out that $2.1 billion is needed to address Aboriginal housing and $250 million to $500 million per annum is needed to bring up Indigenous health services to the standard of those of non-Indigenous Australians. These are the resources that I believe we need to deliver and can deliver in this country to Aboriginal Australians.

The young leaders forum earlier this year found that Indigenous disadvantage was the
No. 1 problem facing Australia. We need to commit to achieving this aim of equality of access to primary health care and equality of access to basic services such as education, employment and housing within a decade, as Tom Calma points out. We need to commit to equality of outcomes for Aboriginal Australians within a generation—in other words, in 25 years. At a time when most Australians have never had it better, it is a national disgrace that the majority of Aboriginal Australians continue to live in Third World conditions.

I believe it is vitally important that we commemorate and remember National Sorry Day on 26 May. The attempt to change the name is not appropriate. The Aboriginal community does not believe it is appropriate and as I understand it the stolen generations do not believe it is appropriate. I urge that we retain the name ‘National Sorry Day’ and use it as a day of remembrance to ensure that we do remember that Aboriginal Australians face massive disadvantage in this country. It is imperative that we as a nation address this disadvantage.

Faith in Politics

Senator HOGG (Queensland) (1.11 pm)—I rise today to give some insight into a recent overseas study tour that I undertook. I looked at the very vexed issue of faith in politics. Of course, one would say that one can hardly find a more difficult issue because, no matter what one says, one is neither right nor wrong. It depends on where people come from when they are looking at what one says. I went to gather information so as to inform myself—and hopefully inform this parliament and awaken a debate. I note that this is already a topical debate within our community. I want to see what sort of accommodation may be made in this very vexed issue.

I went to Washington and London. I met with faith groups, academics, commentators and think tanks. I must acknowledge the role the Department of Foreign Affairs and Trade played in setting up a wide range of appointments for me. If one reads the report that I have submitted to the Special Minister of State, then one will see that it is quite comprehensive.

I am going to quote from my report. It cites the views that were expressed to me in no particular order and not necessarily verbatim. I do not attribute those comments but merely report what has been said to me. Then, at the end, there are some conclusions. Given the limited time I have today—because it would take me a lot longer than 15 minutes to comprehensively go through my report, and there are attachments to my report—I intend to quote and cite some of the statements that were made to me during that visit.

In the United States, for example—and that is addressed in the first part of my report—obviously the system is different to ours but, nonetheless, it is interesting to hear how faith is playing a role in politics in the United States. At paragraph 1.01 I say:

The exit polls of 2004 showed that moral values played a significant part in the outcome with 80% of these people voting for Bush. This led people on the left to claim that they had moral values too. This was a conflicting message from the left who say that you can’t impose moral values on the one hand, but, on the other hand, we have moral values and one can’t bring them to bear in politics.

It is legitimate to bring moral values to bear in politics.

That is a controversial statement that was made to me, and the first of a number of them. At paragraph 1.04 in my report I quote:
Values are playing a significant role in who will be elected. The political parties have not caught on to this yet.

That was more about both of the political parties in the United States, not any one in particular. At 1.05 in my report I say:

The Judeo-Christian ethic is the basis of Western democracy.

That theme was repeated to me by a number of the people that I met with. But at 1.07 in my report I refer to a study that was presented to me by the Pew Forum on Religion and Public Life. I state:

The Pew Forum on Religion and Public Life has undertaken a significant examination of the role of religion in modern American politics. Its report, Religion & Public Life A Faith-Based Partisan Divide, contributes greatly to the debate.

I will read a couple of excerpts from that report. On the subject of the church attendance gap it reads:

By far the most powerful new reality at the intersection of religion and politics is this: Americans who regularly attend worship services and hold traditional religious views increasingly vote Republican, while those who are less connected to religious institutions and more secular in their outlook tend to vote Democrat.

The report also says:

The most important cause of this new church attendance gap is the mix of social and cultural issues that have come to the fore in the modern era. The so-called moral issues—prayer in school, abortion, homosexuality, gay marriage—have tended to push the religiously observant into one political corner and the more secular into the other.

I will leave off there. Anyone who wants the full copy of that particular research done by the Pew forum will find it attached to my full report. Returning to my report, at 1.08, from comments made to me, I note:

As a result of the push of libertarian and secular views and values in the 1960s and 70s, the traditional Christians seemed to have withdrawn to a fair degree from the mainstream political arena. With changing leadership, and observing that they needed to participate in the political agenda, many Christians (mainstream and evangelical) have re-entered the political arena to reclaim the political agenda.

At 1.09 I note:

Government advisors and bureaucrats misunderstand religion.

At 1.11 I note that the following comment was made to me:

Bush had a real impact on political discourse by incorporating evangelical/Catholic language into his speeches whereas Democrats don’t feel comfortable using ‘religious speak’.

At 1.14 I note:

There are both libertarian and social conservative members of the GOP but for party purposes they are very disciplined and pragmatic on the views expressed.

At 1.18 I note:

Political parties don’t really want to choose between secularists and evangelical voters in an election. But, if forced to do so, then they will choose to woo the evangelicals as they are better organised and more likely to deliver when sensitive social issues are at stake.

At 1.19 I make an attribution to the National Association of Evangelicals. My report says:

The National Association of Evangelicals was founded in 1942 and today covers some 54 denominations with some 45,000 churches associated with the denominations.

The National Association of Evangelicals put a number of points to me. They said that they:

- have endorsed a broadening of their political agenda to include climate change and the environment, global hunger, debt relief HIV AIDS
- say they are legitimising these issues as moral and spiritual issues
- claim to be not dictating the debate, but merely changing the nature of the debate
• say that the cutting issue for them was—who can manage the country best
• say that the old style ‘religious right’ or the Moral Majority had not been good for American politics.

They go on to say:
Many evangelicals perceive the Democrats as being anti-religion. The issue of same sex marriage, which they oppose, is an important one for them. Hillary Clinton is reaching out to the broader electorate by seeking to moderate what has been perceived as her hard line stance on abortion. They see themselves most importantly as being committed to a set of principles and not any particular political party. They are quite prepared to build alliances and/or coalitions with Islamic and Catholic faiths to advance their agenda politically.

At 1.20 I note that the following comment was made to me:
The Democrats appear to be much more secular than the Republicans and are either publicly hostile to religion or at best indifferent. Some say there is ‘tone deafness’ to religious concerns. The Democrats are now seeking to change this perception.

At 1.22 I note:
Americans don’t want a politician with a “hot line” to God but they don’t mind if he/she believes in a God and this helps to form their views.

At 1.24 I note:
Sometimes politicians are discriminated against because they are Christians whereas the views of any other faith are respected.

At 1.28 I note that a person made the following comment to me:
There is no liberal intellectual tradition similar to the Judeo-Christian tradition that has been at the centre of the development of Western Democracy.

They went on to say:
Left wing intellectualism is fairly spent. It would be good if both political parties held the same appeal to those who hold to the Judeo-Christian tradition.

Last but not least, at 1.32 I note:
The US Constitution and Court challenges taken to interpret the Constitution have served to shape the political agenda causing conservative people who make up the majority in the community to gravitate to the Republican Party. People have had enough. The Democrats feel isolated and are now asking the question ‘how do we talk about religion’ in an effort to get back into the political race.

So there were some controversial comments made to me in the United States. I turn to the United Kingdom. In paragraph 2.2 of my report, I report that it was said to me:
All the political parties were anxious with the emergence at the last election of the Christian Peoples’ Alliance Party. It was felt that this party may well damage the mainstream political party’s vote. This proved not to be the case with little impact being felt, if any, from this new party.

At 2.3 I say:
Churches are having a greater influence in local politics than in national politics. Christians are participating more to reclaim some of the ground lost as a result of their withdrawal from the political debate in the ‘60s and ‘70s. They are participating not as an organised force or unit, but simply as a result of the need to fulfil their obligations to society.

At 2.4 I cite:
Evangelicals together with the Islamists and other mainline churches are forming coalitions on issues to make their voices heard in the political debate. This is seen as a way of acting responsibly within the democratic structures.

At 2.9 I say:
There is a role for religion in the modern state but this is contrary to the secularist’s view who want to exclude religious institutions participating in the state.

Someone else then said to me, as I note at 2.11:
Secularists are as narrow in many ways as those that they oppose.

At 2.14 I say:
The evangelical churches are growing and the issues of concern include:
gay marriage
freedom to preach the gospel
life beginning issues including cloning
euthanasia
reclassification of drugs, e.g. downgrading cannabis
They see a complete crumbling of our society and a need to intervene to stop the rot.
At 2.15 I note that it was stated to me:
The concept of the family has been destroyed.
At 2.19 I say:
The Government does not know how to relate to the faith community. It tends to treat them as a fruit puree rather than as individual fruit. Governments need to engage with faith groups but not simply on their own terms. They need to grasp the nettle on life and moral issues or they will be found lacking by reinvigorated faith groups.
I then report at 2.23 and 2.24 on a unique project that is operated by the Catholic Bishops Conference of England and Wales and the organisation CARE. These organisations offer internships, on a non-partisan political basis, to people with a Christian background so that they get an understanding of politics. At 2.25 I report on the conference I attended and the speech that was made by the then Home Secretary, the Rt Hon. Charles Clarke. I also recommend that to people. I then go on to outline a number of other issues that were drawn to my attention, and I recommend those.
I put down a number of conclusions based on the comments that were made to me. Those conclusions are not necessarily anything other than my perspective on what was said to me. The conclusions go to the heart of what is in my report, and I recommend the report to people if they want to see the thinking of the people in that part of the debate. I do not claim to have canvassed the whole of the debate, because it was too broad to canvass in the short time that was available to me, but undoubtedly the report will serve as a basis for people to have a stimulating discussion and debate on the issue.

**Smartcard**

**Budget 2006-07**

Senator STOTT DESPOJA (South Australia) (1.26 pm)—Senator Andrew Bartlett, who was due to speak in this debate, is outside addressing a rally against the government’s somewhat draconian and regressive proposed changes to migration law. In lieu of Senator Bartlett’s contribution to this debate, I will put on record yet again some of the concerns that the Australian Democrats have in relation to last night’s budget and, in particular, reiterate and elaborate on some of the concerns that I expressed last night in relation to the so-called smartcard—referred to in the budget papers as a health and welfare access card.

Madam Acting President, as you are no doubt aware, in last night’s budget there was an allocation of $1.1 billion over the next four years for the establishment and implementation of the so-called access card. The measure also includes funding of $47.3 million over four years for a communications strategy to ensure that all Australians are aware of the process for registering for the card. So a hefty entitlement, a huge allocation of money is required in order to implement this particular access card—as it is being referred to but which I prefer to call a national identity card, because, let us face it, it is an ID card by stealth; it is a de facto ID card.

You only have to look at last night’s budget paper, which only gave us eight paragraphs on the actual card in relation to Budget Paper No. 2, to get a sense of how it will be the key identifier of Australian citizens. I find it extraordinary that $1.1 billion, minimum, over four years is allocated to what is arguably the biggest privacy breach in Australian history. It is the most intrusive
measure into the lives of ordinary Australians that this country has ever seen.

I thought, ‘Okay, I’ll look at the budget allocation for the Privacy Commissioner, because the Office of the Privacy Commissioner is undoubtedly going to have to deal with growing intrusion into the lives of Australian citizens and, knowing this government, when they thought through the so-called access card measure, they would have wanted to put in place safeguards.’ So, whipping through the budget papers and referring to the Office of the Privacy Commissioner, I found that the additional funding allocated for that commissioner is $6.5 million over four years. This is a commission that is already dealing with the cumulative effect of a raft of legislative changes with regard to security that have come through the Attorney-General’s Department and through other portfolios, changes that deal with increased invasion into the lives of Australian citizens.

As I have said before, and as I have no doubt most legislators in this place recognise, privacy is not an absolute right. There is a balance. It is about balancing the privacy of individual citizens with other competing factors. In this day and age, key factors obviously include security and terrorism. All of these issues have to be taken into account when we devise legislation and policy and strategies that are appropriate for this nation.

The Australian Democrats note that the original rationale for the so-called access card or smartcard was security related. This government was fighting the war on terrorism and it saw that an access card, smartcard or national ID card would be helpful in that process. But I notice that that rhetoric has died down. In fact, the government has changed its rhetoric. It is not about security; it is not about protecting the security and safety of individual citizens in light of the war on terrorism. Instead, it is about reducing and combating fraud. It is about accessing health, welfare, social security and other benefits in a way that combats fraud but at the same time theoretically makes access to bureaucracy and administration in this country simpler.

The problem is, apart from the expense—and we do not know the real financial implications of this measure, apart from the minimal information we have had in the budget papers—what about the privacy implications? We know that there has been a report done by KPMG. The government has said that it will release that report, but it is going to release it in an edited format. I call on the government to make available to the members of parliament the full version of the KPMG report, not an edited version, and to do so with alacrity. This government has not given us the time frame in which it is going to table this particular report. We can wonder about the urgency of this issue.

This is why I was talking last night in the adjournment debate about how senators in this place need to see that report, particularly those senators from the opposition parties but also senators across the board. I do not think that this is an issue that splits people on simple partisan lines. There are a number of small ‘l’ liberals in this place who are very concerned about the impact of an identity card who were actively involved in defeating the Australia Card back in the 1970s, indeed the Australian Democrats were. We should have an inquiry into this proposed card. We should have a committee that scrutinises in great detail the financial, social, health, welfare and privacy implications of this particular proposed access card.

If we were convinced of the need for an inquiry or some discussion, that need has become even more pressing given the developments this week. I am sure that senators in this place would recall the front-page story
from Monday this week. The head of the government’s task force relating to the implementation of a smartcard, Mr James Ke-
laher, resigned. The reported reasons for his resignation included his concerns about the card and its implementation and the fact that the funding will be contained within a couple of departments and a couple of line item areas—in particular, Centrelink and Medicare. His reasons also included privacy concerns—namely, whether or not there would be an external advisory board.

Anyone looking at this policy idea, regardless of their views on it and regardless of how they feel about that concept of an ID card or a health and welfare access card, would be surely convinced of the need for some kind of transparent, accountable, independent mechanism of review and analysis, such as a panel of experts advising on the implementation and the appropriateness of such a card. Surely that goes without saying.

If you’re on an advisory board it would preclude you from tendering, or if you’re doing the work you can’t sit on the advisory board.

Instead of the external review board, the government has suggested it will ‘pay people for their advice’ on a seemingly ad hoc basis. And we are talking about one of the biggest single policy measures this government has been responsible for, not only in terms of expense but in terms of privacy.

When I asked Senator Rod Kemp, the Minister representing the Minister for Human Services, about this issue on Tuesday, we had the idea of an expert advisory committee or panel not confirmed and not denied, and so we have no idea whether the government is indeed going to scrap the initial notion of an expert advisory panel. Indeed, that is apparently one of the reasons why Mr James Kelaher, the head of the smartcard task force for this government, resigned. He was concerned that we would not have an external advisory board.

In yesterday’s Australian Financial Review I noted there were comments by Minister Hockey, the Minister for Human Services, who is responsible for the implementation of the smartcard. He said:

If you’re on an advisory board it would preclude you from tendering, or if you’re doing the work you can’t sit on the advisory board.

Instead of the external review board, the government has suggested it will ‘pay people for their advice’ on a seemingly ad hoc basis. And we are talking about one of the biggest single policy measures this government has been responsible for, not only in terms of expense but in terms of privacy.

When I asked Senator Kemp about this issue, he stated that having an external review board would be being unfairly selective of certain groups. I do not even understand what that answer means. I do not see how removing the plan for an external review board and leaving the minister with the ability to arbitrarily appoint whichever advisers he sees fit to pay for on an ad hoc basis makes the process of implementing a smartcard any more palatable. If the government are going to introduce measures that see such an invasion of the privacy rights of Australian citizens, then at least they could do it in a transparent manner. That gets me back to the KPMG report, and I call on the government to release the full version of that report as soon as possible.

With reference to the minister’s comments yesterday in relation to keeping the project within the Department of Human Services and keeping the funds within Medicare and Centrelink, I note that Mr Kelaher has apparently stated:

KPMG and my team specifically advised against both of these steps and I am very surprised to see both now being contemplated. The dearth of skills inside the DHS and even Centrelink and Medicare, for such a large, expensive, and delicate project, is I think a major risk.

Why is it that the government commissions reports only to then disregard what the experts have to say, let alone engage a head of the task force—employ someone in that manner to overview such things—and then
apparently disregard his advice to the point where he is so concerned by the government’s proposals, or at least their abrogation of what seemed to be commitments, that he resigns? It seems that the scrapping of the advisory board—if that is the case—goes against commitments that may have been made to stakeholders, ministers, departments and other agencies. The government clearly needs to explain what is going on here.

I mentioned briefly last night the Prime Minister’s contradictory comments on some of these matters. Originally he said that the government was not going to proceed with the compulsory national identity card, but look at the budget papers. We are talking photo, card number, possible personal sensitive health details, details of dependants, microchip, biometric photograph. This is without doubt the biggest attempt to centralise data about Australian citizens in our history. And privacy? What money is being put towards privacy concerns? It is not just people who might be a little obsessed with privacy issues, like me, but ordinary Australian citizens who are going to look at this and say: ‘It just doesn’t ring true. Why would the government seek to implement such a measure and yet disregard privacy concerns of Australians?’

What about the Prime Minister’s comments in relation to young people? On the one hand he said most recently that some young people would be particularly keen to have a national identity card. He did not say national identity card—I correct that. The Prime Minister said:

I have been impressed since the announcement was made by the large number of people, particularly in the younger section of the community, who say thank heavens we are going to have something that reduces the enormous number of cards that we have to carry in order to interact with Government agencies.

Contrast that with what the Prime Minister said a couple of weeks ago:

I would imagine a lot of, well a number of younger people who feel immortal and permanently healthy and so forth will not think any of this is necessary.

What is the truth? What is the issue? Where is this research or poll driven move or information coming from? Are young people for the card? Are young people against the card? Why are we worrying about young people in particular? Why are we picking on people who primarily need access to health and welfare services? Let us look at the numbers.

If everyone in Australia who has a Medicare card has to have this microchip, biometric photo, et cetera, et cetera ID card then that is more than 17 million Australians. How dare the government suggest this is not a national identity card. It is a national identity card. Three-quarters of the population at least will be affected by this proposal, if not more. If the government says that it is specifically those who access government services such as social security, health and welfare, are we picking on a particular section in our community? Are we talking about people on lower incomes, or pensions or social security and maybe not the rest of the community? Or is it, as the budget papers state and others have mentioned, everyone with a Medicare card? That is pretty much the entire population. (Time expired)

**Water Policy**

Senator BARTLETT (Queensland) (1.41 pm)—I rise to speak about the very important issue of water, and in particular water resources and water policy in my home state of Queensland. These are issues that involve both the state government and the federal government and I strongly urge both governments to take a more rational approach than what has been happening. I start by noting the quite extraordinary action of the
Beattie Labor government in Queensland in recent weeks in announcing, pretty much out of the blue, the plan for a brand new dam in the Mary River catchment in the south-east part of Queensland near Gympie. That dam will flood up to 900 properties in the Mary Valley. Much of that land is good quality agricultural land and much of that involves people in the dairy industry, who we all know have had a pretty rough go in recent times. Certainly, there are potential impacts on and downstream consequences to the dairy industry and the processing facilities in that area.

The extraordinary thing is that it is quite clear from the approach the Premier has taken, and certainly the statements he has made, that he has just announced this out of the blue. He has said: ‘We are going to investigate it over the next six weeks or so and go ahead with it. I can understand that those people who are going to have their properties resumed are upset but that is just the way it is. There is a serious water problem in south-east Queensland and this dam is going to be built.’ He has the political advantage, if you like, in that he has had The Nationals nagging away at him in Queensland for the last few months criticising him for dragging the chain on new water infrastructure, criticising him for not building another dam in the past and generally trying to suggest that the state government will not build dams.

Of course, the National Party is in a bit of difficulty there. Not surprisingly, the area the Premier has picked is in the middle of country that, while currently having an ex One Nation, now Independent, state MP, was previous to that National Party heartland. If it ever goes back to any party it will go back to The Nationals. So it is not likely to bother the state government that it is going to outrage people in an area that is basically National Party heartland.

The bigger concern I have, apart from the impact on those people, is firstly the clear prospect of significant environmental damage and a number of endangered species being put at significant risk by this going ahead. The initial indications are that this is going to be very expensive infrastructure—as dams always are. It is not necessarily in a particularly good location, covering a large area of fairly shallow base, which means a lot of evaporation that can counter any water flows into it.

At a time when we are recognising that dams in the south-east Queensland region are not the answer, that many of them are down to critical levels and lower, I find it extraordinary, frankly, that we think we can find the solution in building more dams and that somehow or other they will all fill up and it will all be fine. It is quite an extraordinarily short-sighted approach that is risking massive social dislocation in the Cooloola shire between Noosa and Gympie. It is also risking significant environmental consequences both in that region and downstream and potentially it also has significant consequences for the dairy industry in the region. All of that so that the Premier can look like he is being strong and decisive about water.

At the same time the Toowoomba City Council has been pressing and pleading for quite a long time for adequate resources to build a state-of-the-art water recycling plant that will treat waste water up to dialysis standard—not only to a drinkable standard but water so pure that you could pump it back through your body via a dialysis machine—and then put it back into the water storage plants in one of the nearby areas where they get their water from and putting it back through the normal water treatment system. According to the council, that is the best long-term option for meeting that region’s very severe water problems for the city and many of the shires surrounding it in
an area that is also experiencing significant population growth, like pretty much all other parts of Queensland in the south-east corner.

Yet we have an indication from the federal government that they are not going to supply the money from the federal water fund unless there is a referendum and the people of Toowoomba vote in support of having this recycling treatment plant and putting water back into their drinking system. On one hand I support the principle of democracy and referendums and giving people more say over decisions, but you just have to wonder why it is that this one single infrastructure decision being made by a local council—and one which, in this case, has the support of the state government—is the one where there is insistence on a referendum before federal money will be provided. If we had a referendum on whether or not the dam should go ahead in Gympie I would be interested in whether it would pass. I suppose it would depend on whether you just had the people of the shire or the people of south-east Queensland or people of the whole state voting. You would possibly get a different result depending on how close people were to the site.

This shows the extraordinary disconnection and the lack of logical thinking and of courage on the part of governments when they refuse to take some of these difficult choices and let the situation develop to such a crisis level. They then take what I suppose they would say is a courageous option—as the Beattie government is doing—to crash through or crash and say that they are going to build this whether we like it or not and they are not going to listen to anybody. That is the sort of state we have got to.

There are reports in the paper that even the cost of resuming the properties around Gympie for the dam could be as high as $1 billion. Even the Premier said that it would be a number of hundreds of millions of dollars, and that is before you even start construction. That is before you start counting the downstream economic and social costs to the community that has all of those people pulled out of it. That is before you start measuring the impact on some of the small towns that are still in that area, let alone on the bigger cities like Gympie and some of the industries that depend on the produce that comes out of the land that is going to be inundated. We would have massive costs—over $1 billion certainly.

Just think what could be done with water supplies in south-east Queensland if the state government put $1 billion into full-scale water recycling and water use reduction infrastructure and into just fixing up the pipes that are leaking huge amounts of water every day underneath cities like Brisbane. We have got this money to spend. To spend it on another dam, with all its social dislocation and environmental destruction and with the quite strong possibility that it will not solve the problem anyway, just so that they can look like something is being done, just so that any time someone mentions water the government can point and say, ‘We are building another dam,’ is just insane. It is the sort of crazy decision that can be made when political imperatives push governments left, right, centre and roundabout and they desperately grab at any straw to try to get them past the latest crisis.

It is the same sort of problem we saw in New South Wales. We had the ridiculous situation where the state government landed on the most expensive and most environmentally unsound approach of a desalination plant. The state minister, Mr Sartor, said that recycling was out of the question because the public would not wear it. To just back away from a solid, viable solution because you think that the public will not wear it is, frankly, political opportunism and shows a
lack of courage at it worst. That is what we are seeing time and time again in too many of these areas where governments are too concerned about the short term and not worrying about the long term.

If the evidence actually stacked up that this proposed dam on the Mary River was financially, environmentally and socially the best way to go, then I would be prepared to say so because it is the same principle applying to what the Toowoomba City Council is trying to do. Clearly, people are apprehensive about the idea of their own sewage being recycled and pumped back into their water supply. Everybody has an instinctive aversion to that. But the fact is that many water catchments in Australia take treated effluent from other towns upstream. The water is treated or re-treated and then discharged into a river that flows down into another catchment. Then it is taken and re-treated once again for water provision in another area. The only difference here is that it is being put back into the same city’s initial catchment to be drawn again after much higher quality treatment than is received anywhere else Australia.

Toowoomba City Council’s endeavour, I think, is absolutely crucial. I very strongly hope that the referendum there passes. I am prepared to advocate for that policy, even though it may well be unpopular and certainly with some is unpopular. I have received correspondence from some of those people with whom it is unpopular because I have promoted this proposal in the past. But the fact is that there is so much more potential for the recycling of water in south-east Queensland, even in the Brisbane City Council area alone. There is some recycling being done. Some water is being recycled for use in industry and back through power stations and the like. That is all positive. It is mainly the psychological barrier and the lack of political courage that is stopping people from taking that extra step of recycling water for potable use.

There is no magic bullet to the water supply problems, but I think that the failure to go the extra step in that area is something that we must reverse. If we can do that, we will really make a significant dent in the water supply problems in south-east Queensland and indeed in many other parts of the country. Other people will show governments and people such as Minister Sartor the courage that they did not have and they will then be able to also go ahead with much more rational approaches to adopting recycling.

The fact is that there are significant amounts of money there. If we are going to be spending the massive amounts that will inevitably be involved in the construction of a dam, let us look at what uses that sort of money could and should be put to. I should emphasise that Queensland has made a commitment under the National Water Initiative to ensure that proposals for investment in new or refurbished water infrastructure are assessed as economically viable and ecologically sustainable prior to the investment occurring. A rushed six-week examination will make it utterly impossible to enable that commitment to be measured.

As for some of the specific environmental problems, I also emphasise that there are clearly potential problems with downstream consequences. If you put a significant dam in the Mary River catchment then there is a real potential problem of it negatively affecting the freshwater quality and quantity flowing down to the Great Sandy Strait, adjacent to the Fraser Island World Heritage area—part of which the state government has just declared a marine park. The potential consequences downstream for the environment, for fish breeding and for opportunities for the fishing industry and recreational fishers...
could be significant. That must be assessed and it should be assessed at a national level. This is where the federal government and the federal Minister for the Environment and Heritage, Senator Ian Campbell, should step in. He has made a lot of noise in recent times about his dislike of wind farms. He has made a lot of noise about his preparedness to step up for one orange-bellied parrot with regard to a wind farm in Victoria.

This is a dam that, potentially, is going to risk the water quality in the Great Sandy Strait and the Fraser Island World Heritage area. On top of that, the specific location is a prime habitat for the Australian lungfish. Three years ago the threatened species committee, which listed the Australian lungfish, wrote in their advice to the minister that close to 40 per cent of its core distribution was likely to be impounded once water infrastructure developments, which have since occurred, went ahead on the Burnett River. The risks to the extremely rare and biologically very significant Australian lungfish are indubitable if this dam goes ahead. In addition, the Mary River cod is already endangered. Its limited distribution and ongoing population decline suggest that it already faces the significant risk of extinction without a dam on the Mary River that it is named after.

I call on the environment minister to make clear to the Queensland government that he will not allow a quick and dirty rush job to get the dam construction started before the end of the year, as the state government is suggesting. I ask that he insist on a proper environmental assessment of the risks to the threatened species and to the World Heritage area downstream. The rest of us can ensure that the economic and social aspects of this are properly examined as well. I am very confident that if that happens it will not stack up. The government should then put its resources into sensible approaches, such as what the Toowoomba City Council is doing with the recycling of water.

Sitting suspended from 1.57 pm to 2.00 pm

QUESTIONS WITHOUT NOTICE
Budget 2006-07

Senator CHRIS EVANS (2.00 pm)—My question is to Senator Kemp, representing the Minister for Families, Community Services and Indigenous Affairs. Can the minister confirm that under the budget’s tax and family payment changes announced last night single parents with one or two children will receive no extra benefit at all from those changes? Given that the tax cuts to high-income earners and others are deemed to be affordable, why has there been no assistance whatsoever to those raising children on income support? What is the logic or the rationale of denying any extra assistance to the poorest families in our community who are struggling to raise children on income support? Why have the two million people who rely entirely on income support—the single parents and the disability pensioners—been totally forgotten in the measures contained in this budget?

Senator KEMP—It is funny, you know, that everyone has welcomed this budget. In fact I saw Wayne Swan on TV last night referring to this as the ‘Santa Claus budget’. Most people think Santa Claus is a good thing—actually, a very good thing. To be quite frank—

Senator Wong—You can’t answer the question.

Senator KEMP—Senator Penny Wong is complaining too, but can I point out to you that this budget has delivered very big benefits for families. This government has paid great attention over many years to those on pensions, to carers and to disability pensioners and they, of course, are the ones the gov-
ernment has given a very high priority to. So, Senator, you may quibble and complain, but the fact is that this budget has been very much welcomed by Australian families. It enjoys very strong community support.

Senator O’Brien—What about those two million?

Senator Kemp—Well, Senator O’Brien, you complain about the issue of two million pensioners. The truth is this government has been the great friend of pensioners and carers. I am sorry that we are seeing some critical comments coming from the Labor Party on this budget. It is a good budget. It is one which has been widely welcomed and, if you have any doubts about it, listen to Wayne Swan’s comments last night and the praise he gave the budget.

Senator Chris Evans—Mr President, I ask a supplementary question. Following that bluster, I return to the core question. I ask the minister why those people—two million people relying entirely on income support—did not get a visit from Santa Claus. In fact, they did not get a visit at all. Why have they been totally denied any improved benefits as a result of the budget? These are people raising children in the poorest circumstances in our community. You say you have done something for families—I am asking: what about those families? I would appreciate a serious answer to a serious question: why has there not been any assistance to those poorest families who live on income support?

Senator Kemp—It was not me who referred to the Santa Claus budget. It was not this government which referred to the Santa Claus budget—it was actually the Labor Party which referred to the Santa Claus budget. We have given, as you are well aware, Senator, very considerable help to pensioners, carers and people on other pensions and benefits over the years.

Senator Carr—Where?

Senator Kemp—Well, Senator Carr, I think the figures speak for themselves. This budget has been very widely welcomed in the Australian community. It is one which the Labor Party will be very vexed about because it enjoys such strong support.

Senator Chris Evans—We’ll see.

Senator Kemp—Senator Evans says, ‘We’ll see,’ and we will see. This is good news for the Australian community and it is good news for Australian families. I regret to say that you are reflecting an issue that probably means that it is bad news for the Australian Labor Party. (Time expired)

Budget 2006-07

Senator Fifield (2.04 pm)—My question is to the Minister for Finance and Administration, Senator Minchin, who has just co-authored his fifth budget. Will the minister inform the Senate of the benefits flowing to the Australian community from last night’s federal budget, including the substantial business and personal tax cuts?

Opposition senators interjecting—

The President—Order! Senators on my left.

Senator Minchin—I thank Senator Fifield for that very good question and pertinent observation. Last night’s budget does demonstrate the virtues of eliminating all government debt and managing public finances responsibly—as we have done for the last 10 years. By eliminating net debt we do not have to spend the $8 billion per annum on interest payments that the last Labor government did. And by running budget surpluses we actually add to national savings and we ensure that fiscal policy puts no pressure on interest rates. This budget forecasts surpluses of one per cent of GDP for each of the next four years—some $40 billion in total of surpluses over the forward estimates.
So while this budget does provide for tax cuts and for increased spending in key areas, our bottom line is in the black. As Alan Wood said in today’s Australian:

... the question ... yesterday was: wouldn’t all this tax cutting and spending force the Reserve Bank to put up interest rates again? The answer is an unequivocal no.

Prudent budget management has allowed us to deliver substantial new investments in areas like defence, national savings, road and rail, and medical research. We have been able to deliver personal income tax cuts for the fourth year in a row as well as substantial business tax cuts and a radical new plan to remove the end tax on superannuation. The personal income tax cuts in this budget not only deliver $36.7 billion over four years directly to Australian families, they also involve significant reform of the income tax scales: the top two tax rates have been cut to 45 and 40 per cent respectively, and from 1 July the top tax rate will apply only to incomes over $150,000. Only six years ago the threshold for the top rate was just $50,000.

Low- and middle-income families will benefit from the rise in the 30c threshold from $21,600 to $25,000 and the expansion of the low income tax offset. Middle-income families with children will benefit from the extension of eligibility for the maximum rate of FTB. So a family with two children on $40,000 is going to be $48 a week better off as a result of this budget. The tax cuts are fair, and I welcome the Labor Party’s acceptance of that fairness in these tax cuts.

The biggest percentage reductions are actually focused on low-income earners. Even after these tax changes, a taxpayer on $150,000—who by definition earns five times as much as someone on $30,000—will pay 10 times as much tax as that person on $30,000. The top 15 per cent of income earners account for half of total income tax revenue—half from 15 per cent. On the other hand, the bottom 50 per cent of income earners pay just 14 per cent of total revenue. So the structure of our progressive tax system does still remain, despite these cuts. The reason why large dollar tax cuts go to higher income earners is obviously because they pay more tax to begin with. Even after these cuts, someone on $150,000 will still pay nearly $1,000 a week in tax.

Business taxation has had substantial reform with a $3.7 billion reduction and a $435 million reduction in tax for small business. These tax reforms bring economic benefits in themselves, in encouraging work incentives and participation. They deliver in the context of a budget that is clearly in surplus. They are affordable, they are sustainable and they will not put any upward pressure on interest rates.

**Budget 2006-07**

**Senator MOORE (2.09 pm)**—My question is to Senator Kemp, representing the Minister for Families, Community Services and Indigenous Affairs. Can the minister confirm that under the budget released yesterday an age pension couple will receive a single $102.80 payment—that is, $51.40 each? Can the minister confirm that a self-funded retiree couple earning $80,000 will receive $205.60—that is, $102.80 each? Why does the age pension couple get a one-off payment of just $102.80, while the self-funded retiree couple gets double that amount? Don’t the self-funded retiree couple also stand to gain from the income tax cuts, whilst the vast majority of age pensioners will receive nothing? Why have the two million age pensioners been short-changed by the Howard government when compared to self-funded retirees?

**Senator KEMP**—I am afraid we are back to the old Latham view of the world: the old class war. We are pitting groups against other
groups. Senator, I have been in this chamber a little bit longer than you, and I have long heard the concerns of self-funded retirees and the feeling that they have not in the past, certainly under a Labor government, been adequately recognised in the tax system. We make no apology for paying particular attention to the self-funded retirees. Obviously, I will look at the figures you have raised, Senator, and if I want to make any particular comment on that, I will. But this government is a government for the whole community, and it is one which over the 10 years of our government has paid particular attention to lifting the real rate of pensions in this community.

You will be aware from the budget last night, Senator, that there is a carer bonus. You will be aware of that. You will be aware of the changes which were made in relation to assets tests. There is a range of measures which will be welcomed, I believe, by the pensioner community. Equally, I think the measures in the budget will certainly be welcomed by self-funded retirees. I think there will be a lot of self-funded retirees listening to question time—I know this is being broadcast; maybe it is even being shown on TV—and they will note the Labor Party attack on those people who have saved for their retirement. That is what they will note, Senator.

Senator Chris Evans—Mr President, I rise on a point of order going to relevance. This is the second question the minister has been asked that he has not attempted to answer. He was asked very specifically why pensioners received half the rate that was paid in the same allowance as was paid to self-funded retirees. He has made no attempt to answer the question. He may want to denigrate senators and make political points, but I think people deserve an answer to the question. It is the government’s budget. The minister is responsible for explaining it here in these matters. Can you please ask him to answer the question?

Senator Carr—Tell us why you don’t like pensioners.

The PRESIDENT—The minister has just a shade over two minutes left to complete his answer and I am sure he will be relevant.

Senator Kemp—Mr President, I just heard an interjection from Senator Carr, who slandered this government in relation to its strong support and commitment to the pensioners.

Senator Carr—Why don’t you like pensioners? What have you got against pensioners? Why do you hate pensioners?

Senator Kemp—I think that we are unfortunately seeing, as I mentioned earlier, an attack on self-funded retirees. Self-funded retirees have long felt that the Labor Party has not given them enough attention and that the recognition they deserve for being able to provide for their own retirement has not been adequately recognised. This government makes no apology whatsoever for the recognition that we give to self-funded retirees, and I regret to say that we are back to the old Latham view of the world where we pit people against people. This government has looked after pensioners and it has looked after self-funded retirees.

Senator Moore—Mr President, I ask a supplementary question. Thank you, Minister, for agreeing to check those figures. I will continue my question. It is not attack, Minister; I am questioning the budget. Can the minister also confirm that in those carers payments that you mention the government has extended eligibility for the $1,000 carer’s bonus to carers in receipt of wife pension, carer service pension and partner service pension? It has not extended this payment to carers in receipt of the age pension. Why are some pensioners now eligible for this $1,000 payment, but those on age pension do not
seem to be so? Is it not the case that both groups are providing the same level of care, often to a loved family member? Why the discrepancy? It is a question, Minister, not an attack.

Senator KEMP—Senator, you will be aware that this is the third year in a row that the government have been able to provide additional support to carers in the form of a one-off lump sum bonus. We provided some $278 million in 2004-05 and $317 million total in the 2005-06 budget. The carers out there are well used to the support they are getting from this government. We recognise the magnificent work that carers do. Again, what we are seeing is nitpicking in relation to this budget. We provided very extensive support for carers. The Australian Labor Party last night went on TV and called this a Santa Claus budget. We prefer to call it a very responsible budget. The truth is that, again, carers are another group that have significantly benefited as a result of these budget measures.

Superannuation

Senator FERGUSON (2.15 pm)—My question is to Senator Coonan, the Minister representing the Assistant Treasurer and Minister for Revenue. Will the minister inform the Senate how the Howard government will make the superannuation system simpler and fairer and encourage Australians to save for their retirement? Is the minister aware of any alternative policies?

Senator COONAN—I thank Senator Ferguson for asking a question that will be of great interest to all those who have money in the superannuation system. As senators on this side of the chamber are well aware, the coalition government are determined to simplify Australia’s superannuation system and to make it fairer. It is why, as part of the budget, we have released a plan to streamline superannuation by sweeping away the current tax complexities faced by retirees, by improving retirement incomes, by giving greater flexibility over how superannuation savings can be drawn down and by improving incentives to work and to save. The proposals represent the most significant reform of Australia’s superannuation system in about 20 years. They build on the previous tax cuts in the superannuation system and the introduction of the co-contribution scheme for low-income earners. This is part of the coalition’s ongoing plan to build a strong future for Australia. The complexity associated with taxing superannuation benefits confuses retirement decisions, clouds incentives to invest in super and imposes unnecessary costs on retirees.

As an example, a lump sum superannuation benefit may include up to eight different parts which can be taxed in seven different ways. Under the government’s plan, Australians aged 60 and over who have already paid tax on their superannuation contributions and earnings will not pay tax on their superannuation end benefits from 1 July 2007. They would not need to disclose their superannuation payments in their tax returns. This sweeps away the complexities retirees face when taking their benefits and means Australians will know exactly how much super they will receive. It gives individuals greater flexibility over how much of their superannuation they take and when they take it. It allows people to take their benefit as a regular income stream or leave their savings in the fund to draw down later. The changes will benefit everyone with money in the superannuation system. To ensure the proposals work effectively across the various scenarios faced by Australians with super, the government will consult with the industry on the proposal, but Australians can rest assured that the proposal is already costed and budgeted for.
At the last election, the ALP’s plan for the ageing population was a proposal to rip more than $4 billion out of the superannuation system. We certainly hope that this time Mr Beazley will commit to supporting on behalf of the Labor Party the government’s proposal. We hope that Labor does not try to hedge its bets in relation to these very constructive reforms of superannuation. I am afraid to say that, with regard to alternatives policies, Labor has hedged its bets on many occasions. Just take the surcharge. Labor first opposed the introduction of the surcharge in 1996. It opposed reductions in the surcharge in 2003 and 2004 and, finally, opposed abolishing the surcharge. This is not exactly a model of consistency and coherent superannuation policy. While the Labor Party flip flops on superannuation, this government gets on with the job of building a secure future for Australians in retirement.

**Budget 2006-07**

**Senator LUNDY** (2.19 pm)—My question is to Senator Kemp, representing the Minister for Families, Community Services and Indigenous Affairs. I refer to the budget announcement that the government will lift the cap on family day care and after school care places. Isn’t it the case that centre based long day care has been uncapped for years and yet shortages and gluts exist across the country? Doesn’t the government realise there are almost 100,000 after school and family day care places already unused in the system mainly because of the shortage of child-care workers? How will lifting the cap help?

**Senator KEMP**—Senator Lundy is correct that long day care is currently uncapped. She would have heard the loud cheers that came last night from the Australian community, particularly those with children, when the Treasurer further announced that the government will remove the limit on the number of subsidised outside school hours care and family day care places. That announcement was very strongly welcomed. With regard to long day care, you correctly pointed out that we have now built on the particular initiatives in that area.

Senator Lundy, I am delighted that you raised the issue of child care, because I am one who has listened with great interest to Senator Patterson over a considerable period of time telling this chamber about the ALP’s record in child care and contrasting that with the record of this government. I was fascinated to hear in the Treasurer’s announcement last night that, in 1996—the year that Paul Keating went west—there were 300,000 child-care places in Australia. The Treasurer went on to say, ‘We are budgeting for over 700,000 in 2009.’

This budget recognises that the Howard government is a friend to families. When it comes to governments, this Howard government is the best friend that families have had, because we give very high priority to families. I note that the Family First senator is nodding his head. That is another strong endorsement. I say to Senator Lundy that it is true that one of the weaknesses of the ALP was in relation to child care. They never gave it significant priority. This government has given it huge priority.

**Senator Chris Evans**—Have you read your budget measures?

**Senator KEMP**—Yes, I have the budget measures here.

**Senator Chris Evans**—You’re reading them for the first time. You’ve got no idea.

**Senator KEMP**—No, I have the budget measures here. In relation to the new child-care measures, the Howard government has announced in this budget an extra $120.5 million over four years for a child-care package. Let me repeat that: $120.5 million over four years for a child-care package. It an-
nounced major changes in relation to the child-care system. As Senator Lundy mentioned, we uncapped outside school hours care; we have an improved compliance strategy for the sector; and, with reference to the matter that Senator Lundy raised, we have increased funding for jobs, education and training. There is also a commitment to the child-care management system. This is a very good budget for child care. Senator Lundy is probably better off sticking to the sports portfolio; she should not have asked a question on one of the very strong points of this government.

Senator LUNDY—Mr President, I ask a supplementary question. I did ask Senator Kemp how lifting the cap will help, and I will give him another opportunity to explain how it will help families to find a place and afford the rising cost of child care. Again, why is the government extending the system that has failed to deliver centre based long day care places and applying it to the whole child-care system? Please answer the question.

Senator KEMP—Let me draw the Senate’s attention, with respect to this criticism of the government regarding the provision of child-care places, to these two figures. In 1996, the last year of the Labor government, there were 300,000 child-care places. The Treasurer announced that we are budgeting for over 700,000 places in 2009. I think that very definitively answers the question and very definitively shows the priority that this government has given to the matter. Senator Lundy, if you are opposed to the increase in the number of child-care places which this government has provided, that makes you a one-off in this chamber. Everyone else supports exactly what this government is doing in child care and the priority that it has given to child care.

Transport Infrastructure

Senator JOYCE (2.25 pm)—My question is to Senator Abetz, the Minister representing the Minister for Transport and Regional Services. Will the minister outline to the Senate how the Howard-Vaile government is investing in infrastructure across Australia? Is the minister aware of any alternative policies?

Senator ABETZ—I thank Senator Joyce for his question and note his keen interest, along with that of all my colleagues on this side, in the very important question of providing transport infrastructure to this nation. While those on the other side like to talk about the need to invest in transport infrastructure, we on this side actually get on with the job. The Australian government will provide an extra $2.3 billion for roads and rail projects, bringing to $15 billion its total funding commitment to land transport, including AusLink, the National Land Transport Plan, in the five years to 2008-09. This represents a massive 20 per cent increase in the AusLink program. This additional $2.3 billion investment comprises $1.8 billion for improving our roads on the national network, $307.5 million for improving local roads and $270 million for the Australian Rail Track Corporation.

This massive investment package, on a state-by-state basis, includes, for New South Wales, an additional $800 million to dramatically increase the pace of converting the Hume Highway in southern New South Wales to four lanes and an additional $160 million for the Pacific Highway. Victorians will also benefit massively from the fast-tracking of the Hume Highway, as well as receiving extra funding for the Deer Park, Pakenham and Geelong bypasses. In Senator Joyce’s home state of Queensland, there will be an extra $268 million for projects along the Bruce Highway. Western Australia gets
an additional $234 million for the Great Northern Highway and $75 million for the Eyre Highway. South Australia receives an additional $100 million to significantly quicken the pace of upgrading the Sturt Highway. In Senator Scullion’s Northern Territory, there will be an additional $30 million to dramatically increase the pace of upgrading the Victoria Highway. In Senator Humphries’ ACT, there will be an extra $22.7 million for transport projects.

Mr President, I have kept the best until last—our home state of Tasmania. It will receive an additional $60 million to dramatically upgrade the East Tamar Highway, paving the way for the proposed new billion-dollar pulp mill. Whilst I am talking about Tasmania, I indicate that Tasmania, as radio listeners were informed this morning, is the only state where the federal government spends more on roads than the state government does.

On top of all of this, there is the Roads to Recovery program, which helps local councils to invest in local roads, averaging around $300 million a year. The Howard government is going to pay an additional $307.5 million to local councils this year, before 30 June, so that councils can double next year’s level of construction.

I make the point that all of this expenditure is possible only because of the sound economic management and the tough decisions we as a government have taken. Instead of having to spend $8 billion per annum on interest, on the debt incurred by the previous Labor government, having paid that off, having run the economy well, we are now in a position to invest in these nation building projects. This is the dividend that the Australian public have been looking for as a result of our sound economic management.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I would like to draw the attention of honourable senators to the presence in the President’s gallery of a parliamentary delegation from the Senate Committee on Constitutional and Legal Affairs of the Czech Republic led by the chairman, Senator Jaroslav Kubera. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Firearms

Senator BOB BROWN (2.30 pm)—My question is to the Minister for Justice and Customs, Senator Ellison. I am sure that he and all senators will join me in wishing Sergeant Les Cooper, who was shot three times in Tasmania yesterday, a speedy recovery. Minister, in the wake of allegations that a hand gun may have been used in this callous crime, is the government going to review the increasing loss through crime of hand guns in Australia for illegal use and the increasing importation of hand guns, including rapid fire semiautomatic hand guns, with a view to ensuring that they do not fall into criminal hands or are potentially available for criminal use and use against authorised police and security officers?

Senator ELLISON—Senator Brown raises a matter which is of great concern to the Commonwealth government and, I think, to state and territory governments around the country—that is, the diversion of firearms from the legal sector into the illegal sector. I note that the Australian Institute of Criminology has a report which indicates that the diversion has dropped—we had a figure a few years ago of around 4,000 thefts a year, and I think that has dropped quite markedly. However, having said that, it is still an issue of concern that there is theft of legal firearms diverted for criminal usage, particularly in
relation to concealable weapons such as a hand gun. The Australian Crime Commission is conducting a national operation in relation to the illegal use of firearms and that deals with the illegal trafficking of firearms. This is something which has been addressed at several police ministers councils and will continue to be.

In relation to the regulation of firearms, we have brought in great reforms under the Howard government to restrict ownership of hand guns. It has been a restriction which has seen the buyback of over 60,000 hand guns, but the diversion of legal firearms into the criminal sector is still a matter of major concern and we continue to address it. Whilst the majority of thefts are from residential premises, we still remain concerned that there has been in isolated cases the involvement of some dealers—one in particular in Western Australia was jailed in relation to offences in relation to that. There is an ongoing inquiry into the security industry generally in New South Wales, and that is something we are following closely. It covers a range of areas, not just theft from residential premises although that is the majority of the thefts that have been reported. It is something we are keenly aware of and something we are addressing with the states and territories.

Finally, we are pushing with the states and territories a national firearms management system. We have committed $1 million to that, and it is based roughly on the register in Victoria, which we believe is very good practice in identifying a firearm, distinguishing features, its ownership, its whereabouts, and photographic detail of the firearm. We believe that with a national firearms management system we can keep track of firearms across the board, because you have people in today’s environment moving from state to state. It also assists those people who are legitimately involved in sporting and shooting events who can travel from one state to another and engage quite legitimately in their sport. That is something that we are urging the states to participate in. We are working with the Victorian government in relation to that.

Senator BOB BROWN—Mr President, I ask a supplementary question about semiautomatic hand guns. The minister will recollect that it was one of those weapons that was used to shoot 16 children in Scotland a little over a decade ago, at Dunblane. The minister mentioned the stealing from private premises of hand guns. Can the minister say how many automatic hand guns there are in Australia and what legitimate use there can be for these hand guns outside those used for security purposes and for a very limited number of sports shooters?

Senator ELLISON—In the short time available, I will take that on notice and table a provision dealing with the regulation in relation to hand guns that we have put into place with the states and territories. It goes down to semiautomatic, length of barrel, magazine capacity and calibre. In relation to this issue, this is something which is ongoing and, in relation to the thefts that are mentioned, I think the report by the AIC—I will check the report—covers the types of firearms which have been stolen. Again, I will provide detail on notice to the Senate.

Indigenous Art

Senator SCULLION (2.36 pm)—My question is to the Minister for the Arts and Sport, Senator Kemp. Will the minister update the Senate on the state of the Indigenous art industry? What is the government doing to help strengthen the industry?

Senator KEMP—Thank you to Senator Scullion for the question. I had the pleasure last week of visiting a number of arts centres in and around Alice Springs with Senator Scullion—
Wednesday, 10 May 2006

Senator Lundy interjecting—

Senator KEMP—Senator Lundy thinks it is a great joke; I think it is a very important issue. I must congratulate you, Senator Scullion, for the interest and leadership you are showing in an area which is one of the great iconic art movements in the world today. It is attracting not only huge domestic issue but worldwide issue. At the same time, many senators will be aware of claims which have been raised in relation to exploitation of artists—claims of fraud in some areas.

Indigenous art is an area which this government is very keen to encourage. It is an area which I think offers enormous potential to Indigenous communities. When you visit Indigenous communities, the art centre is often not only a sort of town centre where many people gather but also an area which is providing a real economic benefit to the community. This government takes the issue of art centres very seriously. The purpose of my visit with Senator Scullion was to examine the issues which are being raised, to speak to the art centres’ management, the arts coordinators, the artists and the dealers and to see in what ways public policy settings can help these centres.

Senator Scullion, you would have been delighted to hear last night that an early initiative that we are able to announce is that we have been able to provide further assistance to art centres in the budget. That has certainly been very strongly welcomed by the art centres—

Senator Crossin interjecting—

Senator KEMP—Senator Crossin—

The PRESIDENT—Senator Kemp, ignore interjections.

Senator KEMP—I think it is unfortunate to attempt to play politics with this issue.

Opposition senators interjecting—

Senator KEMP—No, it is. This is an important area of public debate, but it is one where the people who attempt to play party politics will certainly lose. Senator Crossin, I am very surprised to hear your comments. The fact of the matter is that we were able to provide further support for art centres in this budget. Senator Scullion, I thank you for the support that you gave.

There are a number of other areas that we will obviously have to look at. We will have to look at issues of trade practices. I will be having discussions with the ACCC to see what further issues we can deal with in that particular area. I know that a number of those who are involved in this area are interested in a review to look at the wide range of issues which have been raised and to explore the best way forward. That is a matter that I am thinking about and one which the government will come to a conclusion about after we have completed our consultations.

We take the issue of Indigenous art very seriously. We are delighted that next month is a historic landmark for Aboriginal art. Quai Branley will be opened in Paris and there will be a major pavilion in that area which is devoted to Australian Indigenous art. This is a real landmark for the industry. (Time expired)

Aged Care

Senator McLUCAS (2.40 pm)—My question is to Senator Santoro, the Minister for Ageing. Can the minister confirm that the budget did not contain any measure to provide for the indexation of aged care subsidies on 1 July 2006? Is the minister aware that aged care subsidies are indexed on 1 July each year on the basis of a Commonwealth own purpose outlays, or COPO, index, which is largely based on the safety net adjustment handed down by the Industrial Relations Commission? Hasn’t the government stopped the IRC from handing down such an
adjustment in 2006 and isn’t it relying on its Fair Pay Commission to hand down its decision on minimum wage increases in September this year? With no safety net adjustment to factor into the COPO index, doesn’t this mean that aged care residents and providers are facing a virtual funding freeze on 1 July 2006?

Senator SANTORO—Senator McLucas would know, or at least she should know, that there is no change in this budget to existing arrangements for indexation of Commonwealth own purpose outlays. Senator McLucas would know that the wage component of wage cost indexes continues to reflect the most recent safety net adjustment from the AIRC. There is no basis for suggesting that the growth in funding under any new indexation arrangements will be any less than under existing arrangements. The government has not factored in any indexation savings as a result of the workplace relations reforms.

To date, the wage component of the wage cost indexes has been based on the Australian Industrial Relations Commission’s safety net review decision as a measure of non-productivity related wages growth. We will continue to index government costs consistent with current policy. There will continue to be a wage and a CPI component. The forward estimates include indexation of funding based on current parameters. We neither plan nor forecast wage cost savings in the future.

Labor is purporting that indexation policy has changed when clearly it has not. Throughout the public debate on workplace relations reform, Labor and the unions have repeatedly misrepresented the facts about the content of the government’s reform package. Their failed attempt in the High Court to obtain injunctions and declarations to stymie the government’s information campaign is one example of their desperation to prevent a factually based debate, something which Senator McLucas continually refuses to indulge in. Now that Labor is unable to secure a one-sided debate by legal means, it is resorting to misleading statements in the political arena.

Last night’s budget clearly indicated again the Howard government’s overwhelming commitment to the aged care sector of this nation. The Howard government will invest more than $6.9 billion in 2006-07 in supporting older Australians in both aged care homes and their own communities.

Senator McLucas—Mr President, I rise on a point of order. This is a very specific question. This is about indexation measures that are, or are not—and I think from the minister’s point that they are not—in the budget. I simply want an answer to that question. I do not want him to go on with his dorothy dixer about how good he thinks it might be. Let him just answer this question specifically.

The PRESIDENT—While the minister has a minute and a half left, I do believe he was answering the question very relevantly about indexation, but he may have strayed into other areas. I ask the minister whether he has anything further.

Senator SANTORO—Senator McLucas obviously has forgotten the content of her question, because in asking her question about indexation, which I believe I have answered, she also suggested to me that in fact there has been a decline in funding for the aged care sector in Australia. Senator McLucas also suggested that we are not putting sufficient outlays into the aged care sector. I would suggest that Senator McLucas actually remembers her question and if she wants to just keep it to indexation, she should do so. She is not going to shut me up, because the track record of the—

Opposition senators interjecting—
**The PRESIDENT**—Order!

**Senator SANTORO**—Senator McLucas and those opposite may not want to hear the details of the very real commitment of the Howard government to aged care. The budget last night committed $108.3 million over five years for new initiatives. I have just read Senator McLucas’s media release and I acknowledge that she showed some grace, though not much grace, in actually welcoming some of our initiatives. Let me tell you in the time I have remaining what those commitments are—and I hope Senator McLucas asks me about this in her supplementary question: $108.3 million over five years for new initiatives and funding totalling $311.3 million over four years to extend existing programs. It also provides $152.7 million for improved provision of hospital care, including in small rural hospitals, to older people who are eligible for aged care as part of the major package of health reforms agreed at COAG in February 2006—a meeting where much more grace and a much more constructive attitude was displayed by Labor ministers and Labor members than that being displayed in this place today. *(Time expired)*

**Senator McLucas**—I ask a supplementary question, Mr President. Minister, how are aged care providers supposed to plan ahead and manage their operations if they do not know what their funding will be in two months time? Is it not a fact that the budget papers this year have allocated significantly less additional funding for aged care subsidies for 2006-07 than was allocated last year? Is this because the budget papers do not include the additional funding flowing from indexation? Minister, is there indexation and has it been applied?

**Senator SANTORO**—I do not know how often I have to tell Senator McLucas that there is no change in the budget in relation to existing arrangements. Aged care providers have all of the security available to them in terms of forecasting what expenditure they need to incur. I repeat again for the benefit of the senators opposite, and in particular Senator McLucas, that aged care providers know that the government will continue to index government costs consistent with current policy. If Senator McLucas does not understand that, the people in the aged care sector certainly do. I have spoken to a number of them this morning and that issue was not raised with me. It is a furphy manufactured by Senator McLucas. I would strongly recommend that Senator McLucas takes a constructive and nonpolitical approach to this very important issue. *(Time expired)*

**Budget 2006-07**

**Senator ALLISON** (2.48 pm)—My question is to the Minister representing the Treasurer. Minister, last year the ABS reported that income inequality increased by 2.3 per cent between 1994-95 and 2002-03. Also, ANU economist Andrew Leigh found that tax changes over the past three decades helped explain that inequality. Minister, last night the Treasurer gave a tax cut of $7 a week to people earning $20,000 and $119 a week to people earning $150,000. Won’t the tax cuts announced last night lead to even greater inequality? Does your government really care?

**Senator MINCHIN**—I do not know whether to dignify that sort of feeble remark with a response. Let me say for the record that of course we care about lower income Australians. The whole record of our government is testament to the care that we have for lower income Australians. That is why we have profoundly always believed that the best thing we can do for lower income Australians is to ensure that they have access to a job. The best form of social welfare in any country anywhere on earth is to ensure that those who want a job can get a job. When we
came into office unemployment was 10 or 11 per cent and now it is five per cent. The record of job creation under this government has been remarkable. We now have a situation where the opposition are complaining about skill shortages; that there are not enough people to fill the vacancies that are available. That is the consequence of a government that is absolutely dedicated to ensuring that we have economic growth of a sort that does ensure that Australians can get jobs and can fill jobs. That is the best way to ensure the welfare of lower income Australians.

As to this assertion that income inequality has increased, I would draw your attention to ABS data from the household expenditure survey that show that income inequality actually decreased in the decade between 1994-95 and 2003-04. There is nothing to suggest that since that time there has been any change. Indeed, we have had a situation where real wage growth has been very strong under this government: some 15 per cent growth in wages compared with only two per cent real wage growth under 13 years of Labor. During the 13 years that they were in office, real wages grew by two per cent. Under our government, real wages have grown by 15 per cent and our tax changes have been skewed to those on lower incomes.

By definition higher income earners pay more tax. I made the point in my answer to the first question: that someone on an income of $150,000 will, after these changes, still be paying nearly $1,000 a week in tax. Someone on $150,000 pays 10 times as much tax as someone on $30,000, even though their income is only five times greater. The progressivity of the tax system remains. That means that those on higher incomes not only pay more in dollar terms but pay a higher proportion of their incomes in tax than those on lower incomes.

We have a very generous but targeted social welfare system with indexation of pensions to MTAWE. The greatest single expenditure in the budget is on social welfare. Some 42 per cent of the $220 billion budget that we have goes to social welfare. Because pensions are indexed to MTAWE and not CPI, that is growing in real terms. We are very proud of our record of looking after poorer Australians. The best thing we can do, as I say, is to maintain strong growth, keep inflation low, keep interest rates low and keep unemployment low.

Senator ALLISON—Mr President, I ask a supplementary question. I thank the minister for his answer. Is he aware that around a quarter of a million men of working age are on the long-term unemployed list? What is he doing about that? What is in the budget for them? Is the minister also aware that, had the 1980 personal tax-free threshold of $4,041 kept pace with earnings, it would now be over $14,000? Given the fact that Australia charges tax on incomes that are less than half the average rate used in the OECD, why did the government lift all of the tax thresholds other than the tax-free threshold, which remains stuck at $6,000? What is the logic of giving welfare top-ups instead of simply increasing that threshold? Indeed, now that retirees will pay no tax at all after they turn 60, regardless of income, is there any logic at all in charging people income tax when they are below the poverty line, now accepted at being around $12,500?

Senator MINCHIN—I am not quite sure how I am meant to answer all those questions in one minute. If you want a supplementary, ask a supplementary that can be answered in one minute. But in relation to the tax-free threshold: I know this is something the Democrats advocate, but the cost of raising the tax-free threshold across the board is enormous and, of course, everybody, including millionaires, gets the benefit of it.
What we have done is make sure that it is targeted to low-income earners by the device of the low-income tax offset, which, if you read the budget papers, you will see has been increased. This means that low-income earners have a tax-free threshold of $10,000 under this government.

**Budget 2006-07**

**Senator SHERRY** (2.54 pm)—My question is to Senator Coonan, Minister representing the Minister for Revenue and Assistant Treasurer. It is further to the answer she gave earlier on the abolition of the end benefits tax, more commonly known as the exit tax. Can she provide the revenue collected from this tax in 2005-06? What is the forecast dollar saving to taxpayers of the abolition of this tax from 2007-08 onwards?

**Senator COONAN**—I will get Senator Sherry a specific answer to his question, but this gives me a very good opportunity to repeat—because it was announced only last night—the very good news of the government removing the tax on superannuation end benefits rather than removing the tax on superannuation contributions, which is something that, I think, at one stage the Labor Party favoured. It is a policy which affects every single person who has money in superannuation and it is a policy which is targeted to assisting those who want to stay in the workforce longer.

**Senator Sherry**—Mr President, I rise on a point of order that goes to relevance. I asked about the value to taxpayers of the scrapping of the end benefits tax. She said she would get me an answer. Why is she talking about something totally different?

**The PRESIDENT**—The minister has indicated she is going to get further information on the question. I ask the minister if she has any other relevant information she would like to provide.

**Senator Forshaw**—Mr President, I do not think it is in order for you to ask the minister if she has any other relevant information. That is not your—

**Senator Ferguson**—I rise on a point of order. Is it in order for a senator to get up and say, ‘I wish to make the same point of order as Senator Sherry,’ when you have already ruled on that point of order?

**The PRESIDENT**—Anyway, Minister, would you return to the question. I ask you to be relevant to the question asked by Senator Sherry.
Senator COONAN—Thank you, Mr President. I am very pleased to be relevant to the question. To put my answer in context: it is a matter on which I have said that I am not unable to answer the question; I said I would get very specific and detailed figures that relate to part of Senator Sherry’s question. But he asked it in relation to a general policy question also. That raises superannuation and an announcement in the budget last night, where the government announced how it will plan and streamline a better system for superannuation to help retirees. I know the Labor Party does not like this, particularly Senator Sherry, because he has been Labor spokesperson certainly for over 10 years, probably more like 15. I remember when I started in the portfolio of Assistant Treasurer he said he was going to start with a blank piece of paper. So far as I can tell, he has still got a blank sheet of paper.

Senator SHERRY—Mr President, I ask a supplementary question. Back to the very specific question about the abolition of the exit tax, of which the government is supposedly so proud: why weren’t the tax savings to taxpayers disclosed in the budget? Why can’t the minister provide those figures now, if she is so proud of the abolition of that tax? Secondly, can the minister provide a breakdown of the exit tax, the contributions tax and the fund earnings tax in the last financial year?

Senator COONAN—I am quite sure that the Australian public would like to know whether the Labor Party will quit procrastinating on superannuation and make some commitment to help the retirement incomes of Australians.

Border Protection

Senator TROOD (2.59 pm)—On a day that follows the presentation of what is manifestly one of the most significant of Commonwealth budgets, my question is to the Minister for Justice and Customs, Senator Ellison. Will the minister advise the Senate of the Australian government’s very strong commitment to the protection of our northern border and to enhanced national security?

Senator ELLISON—That was a very good question from Senator Trood, and one which all Australians are very interested in—the border security of this country. In this budget is a strategy which has been worked on by the Minister for Defence; the Minister for Fisheries, Forestry and Conservation, Senator Abetz, who is here today; and me. We are approaching this in a whole-of-government fashion. There will be half a billion dollars going to border protection in the north of this continent. Resourcing will go to Navy for two Huon class minehunters to add to those assets they already have looking out for our borders in the north, and to fisheries for the processing of illegal boats that are apprehended and brought into port to be destroyed. This is aimed at doubling the number of illegal fishing boats that we apprehend and seize, and of course there will be more illegal fishermen to prosecute and process. In Senator Abetz’s area we are also looking at the increasing of penalties to include imprisonment for people found illegally fishing in our waters.

Of crucial relevance to Western Australia—and Senator Evans should listen closely as a senator from Western Australia—we are looking at funding to the port of Dampier of $15 million to increase the Customs staff there from around 19 to over 40. That will provide significant resources for the Pilbara and it will back up the two Armidale class patrol boats which will be based in Dampier to assist us in looking after our offshore oil and gas rigs.

Importantly, in relation to illegal fishing, further north we will increase air time for Coastwatch, which will increase night-time surveillance. We will have money available
to charter private and commercial fishing vessels to assist us in towing back illegal boats that we apprehend, and thus give our Navy and Customs boats more time to remain on station. As well as that, Customs will have money to charter and lease a larger vessel to act as a mother boat in extensive operations where we seize and apprehend a number of fishing vessels at one time. Importantly, we will also extend funding to engage local Indigenous communities, much as we have in the Northern Territory with the ranger program. There will be just under $7 million for that. It will bring in the local community to join with us in the fight against illegal fishing.

This is a comprehensive strategy in dealing with the protection of our northern borders and illegal fishing. It spells good news for the fight against illegal fishing in the north and north-west of this country. We also have initiatives focused on the Torres Strait and the Great Barrier Reef which involve further funding. This sends a very clear message that we are deadly serious in relation to the protection of our borders to our north. There is also funding to engage the Indonesian authorities even further in relation to this. We acknowledge fully that in any solution we have to have the cooperation of the Indonesian authorities, and we are intent on securing that. It is a very good initiative which spells added security for this country.

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

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS
Budget 2006-07

Senator CHRIS EVANS (Western Australia—Leader of the Opposition in the Senate) (3.03 pm)—I move:

That the Senate take note of the answers given by the Minister for the Arts and Sport (Senator Kemp) to questions without notice asked by Senators Evans, Moore and Lundy today relating to the 2006-07 Budget.

Labor has welcomed and will support the changes to tax and family payments in the budget, because this year the government has finally looked to help those low- and middle-income earners, whereas last year the budget reforms were very much directed to the top end of town. They do well out of this package as well, but Labor recognises that at least there is something in it for middle-income earners on this occasion. You can argue about whether it is properly directed, and we will have those arguments.

Most middle-income earners know that this is getting a bit of their own money back for the taxes they paid over the last year, and it might help them meet the increasing costs of petrol and their mortgages. I think a lot of them will realise that even the compensation in the budget will not allow them to meet those extra costs, given how the price of petrol and interest rates are going up. Of course, there is the question of how much this budget will add to the pressure on interest rates, which we will obviously debate in coming months.

The focus of the questions to Senator Kemp today was on the forgotten people, the people not mentioned in the budget who received no assistance. It is interesting that most of those are the people doing it toughest in our community. The government produced scales which showed the impact on people who were earning private income of over $10,000—great! There was no coverage of those earning less than $10,000 in private income. There was no mention of pensioners, those on disability support pensions or single parents. Most of them do not have any private income. They rely on income support payments to support themselves. Many of them rely on those payments to raise children. Single parents and their children are
families too. If you want to have a family friendly budget, you should not ignore the millions of families who rely on income support, but this budget has done so.

I know it is not sexy or trendy to talk about the poor or those on income support. The government has been very good at demonising those people. But there is nothing in this budget for them. At a time of great prosperity, when the government is able to find $39 billion in tax cuts, you would think they would have found them something. You would think at least one measure would have been directed to those most in need. But, if you are a single parent on income support with one or two children, there is absolutely nothing in this for you. You are forgotten completely by this budget.

So, while the government says, ‘You should be focusing on the winners,’ quite frankly, part of our job today is to focus on those who have been forgotten. It is not good enough, it reflects badly on the government and it reflects badly on our society that we so easily dismiss those families who are doing it tough. It is true that families on low private incomes are doing it tough and that there are some measures, including the improvements to the threshold for family payments, that help them. I welcome them. Labor has been arguing for that for some time. A number of the measures are things that we advocated at the last election and that we advocated in response to the last budget.

But, at a time when the government can find $39 billion for tax cuts, the fact that it can find nothing for those on income support—the single pensioners and people on the disability support pension—is I think an indictment of the government and the budget. I would normally include aged care pensioners—because effectively they found nothing—but the aged care pensioners did get something. They got a $102 utilities allowance payment. If you compare that to the largesse to all the others, it is a very small amount indeed. But the aged care pensioners did get that. I concede that.

**Senator McGauran**—Carers?

**Senator CHRIS EVANS**—I am talking about the people on income support, Senator. Those aged care pensioners also providing care did not receive the full $1,000 payment. They were excluded. That is another question I have received no explanation for today from the minister, who clearly has not read the budget. He is the minister responsible in this chamber and he could not answer any of the questions about why the pensioners missed out. He could not answer any of the questions about the inequities in the measures being proposed. These are genuine questions that have not been answered. I think it is an indictment of this government when, from 1 July, high-income earners and many others are going to get a big whack in their pockets while those people relying on a disability support pension and single parent pensions will have their income reduced. The rates will be lower at the same time— *(Time expired)*

**Senator BARNETT** *(Tasmania)* *(3.09 pm)—I feel honoured and privileged to stand here today to respond to Senator Evans’s and the Labor Party’s motion to take note of the responses from Senator Kemp, and indeed others on this side of the chamber today, because we have in fact delivered a remarkable outcome for Australian families. This whole allegation from the Labor Party is an attack on Australian families, on older Australians and indeed on younger Australians. Labor have a blind spot. They have forgotten about the record low inflation, the record low interest rates and the record low unemployment in this country. They have forgotten about the above three per cent growth since 1996. They have forgotten about the 1.7 mil-
lion new jobs in the last 10 years. They have forgotten about the 16.8 per cent increase in real wages. That is what they have forgotten. These are real wages. This is money in the pockets of Australian men and women and their families, and that benefits the whole community.

In my home state of Tasmania the figure is actually 15.9 per cent. I am very proud of that fact. Senator Minchin mentioned today government debt. It is interesting that Senator Evans did not mention or even refer to it. There was no mention of it. When Labor left office it was $96 billion. Do you know how much we were paying in interest at that time?

Senator Wong interjecting—

Senator BARNETT—Senator Wong, what was the interest we were paying at that time? It was $8 billion. Senator Wong does not know that fact. Let us remind Senator Wong and the Labor members on the other side that that is how much it was. What we are doing with that money now is spending it on essential services. We are spending it on health, education, security and defence—on things that are important to everyday Australians. And that $8 billion was going into a big black hole under Labor 10 years ago.

Here we are, we have delivered a budget and the Labor Party are accusing us of spending too much and putting pressure on interest rates. We have delivered a $10 billion surplus—not only this year but next year, the year after the year after that. That is about one per cent of GDP. What do the experts say about the impact on Australian families? Do they say that it will put upward pressure on interest rates? I want to quote to you from Terry McCrann and what he had to say. He said:

One big question: will the tax cuts put pressure on interest rates? Answer, an emphatic no.

Alan Wood, in today’s Australian, had this to say:

... the question du jour yesterday was: wouldn’t all this tax cutting and spending force the Reserve Bank to put up interest rates again?

The answer is an unequivocal no.

So you can see that Labor have missed the point. They are chasing a red herring. The Labor Party talk about petrol prices and interest rates going up and, of course, these so-called extreme industrial relations changes. That is all they can come up with. But, when you talk to the experts, they say: ‘No, Labor Party, you’re wrong. The government’s actually got it right. They’ve got the balance right.’ It is in fact a remarkable result for Australian families, for working men and women.

Let us look at some of the benefits for older Australians. I am particularly proud of the initiative for carers of people with disabilities. That is tremendous: an additional one-off $1,000 payment prior to 30 June this year and a one-off $600 payment for recipients of the carer allowance. On top of that, Senator Evans talked about what we were doing for the aged care pensioners. Of course, you have the $100 utilities allowance. What does that cost the taxpayer? It is $173 million paid by 30 June this year. This is something that people were not planning for. This is good news— to pay the power bill, to help with miscellaneous expenses in and around the home. That is what we are doing. We are caring for older Australians. We are caring for families. There was an attack on the government from the Tasmanian Treasurer, who said that we are not spending enough on hospitals. Goodness gracious me! It is in the budget. It is a $220 million increase in Tasmania, and he has denied that that is— (Time expired)

Senator WONG (South Australia) (3.14 pm)—I rise to speak on Senator Evans’s mo-
tion—which was, for Senator Barnett’s information, in relation to answers given by Senator Kemp. I would be happy to have a discussion about the current account deficit if he wanted to do so on another occasion. The current account deficit has, of course, ballooned under this government, which has no plan to enhance Australia’s export performance. But I will leave that for another day.

Senator McGauran—Have you heard of the mineral boom?

Senator WONG—I will take that interjection, Senator McGauran. Yes, I have; and that is why Labor says that we should be investing in those things which will drive Australia’s future prosperity and future productivity. Yet we have instead a government that continues to fail to invest in skills but rides the commodities boom without any plan for the future. That is the reality, Senator McGauran.

I want to go back to the questions that were answered—or not answered—by Senator Kemp, about the people who were forgotten in this budget. It is not very fashionable to talk about those who are in poverty. It is not very fashionable to talk about poor people in this country. The reality is that those people on income support—the many parents who are struggling to bring up children on income support, people on disability support pensions and the like—get nothing out of this budget. Senator Kemp knows that, and that is why he would not answer the questions. Those people have been forgotten. They are the poorest people in Australia.

It appears that this government does have a habit of forgetting some of the poorest people in Australia. Senators will recall, despite protestations to the contrary, that on the occasion of the last budget, 80 per cent of Australian taxpayers missed out. At least now the government has got tax cuts going to 50 per cent of taxpayers. But the fact is that people with a disability, people on the parenting payment and parents on income support who are struggling to bring up children have been forgotten. Judging by some of the answers that Senator Kemp gave, perhaps they have been forgotten so much that Senator Kemp did not even know that they had been forgotten. Around two million Australians rely on income support and they do not really share in any of the real benefits provided in the budget.

What is perhaps worse is that this is the same group of people who will receive a substantial reduction in income support payments on 1 July, as Senator Evans outlined. We know from statistics that the type of family most likely to live in poverty in this country is a family headed by a single woman. That is the case. Those are the people who, as a result of last year’s budget, face a reduction in their income support payments on 1 July—at the same time as the rest of Australia receives from this budget very substantial tax benefits. We on this side of the parliament do want to make a point about the vulnerable and poorer people in the Australian community who are not going to share in the benefits that are provided in the budget.

I want to talk very briefly about some of the challenges that have been forgotten in this budget. There were four things which were not mentioned in the Treasurer’s speech: productivity, education, participation and the current account deficit. I want to talk about participation, because one of the answers given by Senator Kemp in relation to child care really demonstrated this government’s failure to grasp the challenge of participation.

There are three things that need to be addressed if we want to tackle participation in this country. The first is the disincentives in
the taxation system through the effective marginal tax rate, the second is skills and the third is child care. The disincentives which are faced by people moving off welfare into work, the program which the government has in place, have not been substantially altered at all by this budget. There will be people with a disability or parents moving off welfare into work who will face effective marginal tax rates of 64c in the dollar. They will actually be paying more back to the government for the privilege of working than they will receive in their own pocket.

Perhaps one of the worst cons in this budget is the con on child care. We heard a great deal of fanfare prior to this budget that child care was going to be a priority and that parents were going to get some relief from the fact that child care is either not affordable or not accessible for too many families in this country. The fact is that this budget does not guarantee a single extra place, it does not take a single dollar off their bills, and it does not save a single minute for parents who drive children to and from child care. Uncapping the out-of-school-hours places in the context of the government already sitting on almost 100,000 unallocated child-care places is clearly not the sort of systemic change that parents in Australia were hoping for. The fact is, if you do not have a child-care system that is working, if you do not have a child-care system that is affordable and, perhaps more importantly, if you do not have a child-care system that is accessible, you are not going to deal with the participation challenges that our economy and our society face. (Time expired)

Senator HUMPHRIES (Australian Capital Territory) (3.19 pm)—I am happy to stand up today and comment on this motion. You have to feel a little bit sorry for the Australian Labor Party in these circumstances. Here they are, presented with a budget which has been extremely widely acknowledged and welcomed by the Australian community. The Labor Party’s job as politicians is to identify those people who might not be happy or who might not be considered to be winners with this budget, hunt those people down and advocate on their behalf. It is not a very easy job to do, because there are lots and lots of winners in the community today as a result of what Treasurer Peter Costello announced last night.

The Labor Party have got to push aside people like taxpayers and families who need support and pay taxes. They need to push aside those who are approaching retirement. They need to ignore those who use child care in our community. They need to ignore those who are physically ill. They need to ignore those who are mentally ill. They need to ignore those who drive cars. They need to ignore those who work in the private sector. They need to ignore those who live in rural and regional Australia. They need to plough through all these countless Australians—each of whom can clearly point to a benefit from this budget—and identify those who apparently are not winners this time around. When you look at it from that point of view, you see that it is so totally fatuous as to not be worth wasting the time of the Senate on.

The fact is that this budget is one of a succession of budgets delivered by this government which has looked at the fundamentals of Australian society and has, over the years, put money where it needs to go. We have put money into infrastructure. We have put money into reducing debt. We have put money into supporting the incomes of Australians on low incomes. If you look at the position of those Australians today compared with 10 years ago, you can see that they are infinitely better off as a result of what we have done.

We have lifted real wages. We have provided for stronger community services
through better funding and greater support by the states through the GST. We have attended to all the fundamentals of Australian society. If there are individuals for whom no particular benefit can be identified in this budget, that is a short-sighted and narrow-minded approach. The fact is that, no matter what we had done in this budget, we would not have won using that philosophy. If we had not looked at that longstanding problem in Australian society of people on high tax rates paying higher amounts than people in comparable countries in the OECD are paying, we would have criticism from, among others, key figures in the ALP because we had not addressed that problem.

It was only last week, I think, that former Prime Minister Paul Keating criticised this government for not having faced the issue of high marginal tax rates before—and, incidentally, for issues like bracket creep. We had Mr Beazley, not that many years ago, making exactly the same point. We have addressed that in this budget, so where are the plaudits? If we were to spread the benefits of this budget across all income groups at all levels of society, those cuts would necessarily be spread very thin. What would we get then? A milkshake and hamburger type of comment from the opposition such as, ‘You’re spreading your largesse too thinly.’ Of course, if we had made substantial cuts to everybody’s income tax, we would have had more comments, but they would have been along the lines of: ‘You’re spending too much in this area. You’re outlaying far too much. Interest rates are going to go up.’

The fact of the matter is that this mob opposite is looking for any pretext to criticise this budget. We are providing the things that matter to Australians. Every Australian, including those on low incomes that you refer to, will benefit from the outlays on spending that this budget contains such as the extra spending on medical research, on road and rail infrastructure—poor people use roads and trains as well—and on child care. People like that use child-care services. Those things are important and they are provided for in this budget. This budget takes care of the fundamentals of Australia’s economic and social experience, and I am very proud to stand behind it. I think Australians have identified those facts, and they will also stand behind and support this budget when they see the benefits it brings them.

Senator MOORE (Queensland) (3.24 pm)—I also rise to take note of answers on the budget. It seems that, when you claim a budget is for all, it is very difficult for anyone to accept even direct questions about how people will be affected by it. Amidst the hyperbole, it seems that it is impossible for people anywhere—but in particular for people on this side of the chamber—to ask any question about the budget without being accused by government members of quibbling, complaining or being desperate. Basically, we have had the delivery of the budget and we have heard that there are certain values in this budget that people do celebrate; indeed, last night various groups did say that there were things in this budget that they applauded. When that was done, instead of the government actually acknowledging that there is this common ground that this is a good thing, they are throwing back at us any kind of positive comment that people have made about the budget, claiming that these militate against any questions we might have about people who may not have received generous benefits or in fact any benefits from the budget.

I reject the allegation that there is desperation in questioning any government decision; that is our job. The questions that we have will emerge, as the different information comes forward, because all we have now is the original process and the inches of paper, as we all know, where we hope to find the
details that back up the wide promises that have been made. In the questions we asked today—not attacks but simple direct questions about information we had—we looked at how different groups in our society would be affected by the decisions that have come out of the budget. We asked questions about the degree of payment that came out in various things, such as the utilities payments, which we talked about, and also about those groups of carers, groups that we all value and celebrate. When we specifically asked whether the benefits that were announced apply equally to all people who provide care, the minister, instead of responding to those direct questions, decided to turn the argument around and made the usual longstanding statement about how we are complaining and seeking to find the losers in the budget.

Minister, no-one is seeking to find losers in the budget. What we are trying to do is investigate the claim that has been made by the government, which is that it is a budget for all. If it is a budget for all, there should be expectations from all in the community that they will receive something out of the budget. Also, it should be open to all to investigate whether they have in fact been forgotten in this budget process. Increasingly, the government seems to reject any kind of questioning of its decisions.

On the issue of poverty, we know that when there was an inquiry into poverty in this country the government rejected the notion that there was poverty in the community. They rejected the majority report of the Senate Community Affairs Committee’s poverty inquiry and came back with pages of documentation from numerous government agencies on programs that had operated in the time since the inquiry had been completed. I am not quite sure how that was relevant to the investigations at the time of the inquiry. But the statement that there are people in our community who suffer disadvantage is not accepted by this government; it is rejected, and people who ask questions are in some way demonised for having the gall to question whether the hyperbole is in fact warranted.

There are people who are currently disadvantaged because of their income, particularly those who are in receipt of various payments through the social welfare system, and we need to know: where is the benefit to them from this particular budget? If it is not there, accept that and look at where we should go in the future. Don’t colour the argument by trying to attack those who are asking questions. Don’t try to divide the community by saying that asking whether one group is getting more out of this budget than another is somehow divisive. Either it is a fact or it is not. So, please, engage in the discussion. It is only through discussion that we will be able to effect real change.

There has been no attempt by people on this side of the chamber to devalue the good things that came out of this budget. However, we are not claiming that it is automatically a budget for all. That would seem to be an obvious response. But, if you make the claim, make sure you can stand by it, and do not attack those who are asking questions about it. Let us see what is in the budget for every single Australian. Let us see if every Australian will benefit. Don’t just throw stupid comments back at us—and I will respond in kind: it is not short sighted and narrow minded to ask questions; we actually see where the answers are. (Time expired)

Question agreed to.

Transport Infrastructure

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.29 pm)—I move:

That the Senate take note of the answer given by the Minister for Fisheries, Forestry and Conservation (Senator Abetz) to a question without
notice asked by Senator Joyce today relating to road funding.

Last night when the road funding was announced it seemed unusual that in Tasmania $60 million was allocated to the East Tamar Highway. I say that because there are competing needs for the upgrading of roads in Tasmania, particularly for the dangerous roads where deaths have occurred in recent times, including that highway, the West Tamar Highway, roads on the north-west coast, the road from Hobart to New Norfolk, the Southern Outlet through Margate and down to more southern parts of Tasmania in particular—these are amongst those I can name just off the cuff.

The speculation about why the East Tamar Highway was picked was cut short today because in response to a question from Senator Joyce to Senator Abetz, the minister—Senator Abetz—volunteered that the $60 million in Tasmania had been allocated to pave the way for the new $1 billion Gunns pulp mill. I am outraged by that allocation under those circumstances, and thousands of other Tasmanians will be outraged by the government selecting a road to featherbed the richest corporation in Tasmania which is already the subject of extensive government largesse in so many ways, not least for the proposed pulp mill. We are a year out from this pulp mill being properly analysed before there is a decision for a go-ahead.

I can tell you that the Greens vehemently oppose the mill because it will be polluting, because it will be destructive of Tasmania’s wild and native forests and their wildlife, because it will be in the wrong place, because it will not be world’s best practice and because it will put exudate both into the atmosphere of the Tamar Valley, which includes Launceston, and into Bass Strait waters as well. But that is a side issue here. What we have from the minister’s own mouth is the allocation of $60 million to Gunns. That is an outrage when this money should be spent for the community of Tasmania to upgrade roads to make them safer.

Just last week we had a horrific accident on the Midlands Highway in Tasmania. There have been calls since then for the bringing ahead of the bypasses of towns on that road to make the road safer. I can quote many other similar situations, but the reality is that the government here has not taken into account community concerns, community safety, community wellbeing, community transport and community needs. No, it went to Gunns and said, ‘We will build this road for you.’ That is what Senator Abetz said.

This is a road paving the way for the Gunns pulp mill and it is outrageous that this allocation should be made under circumstances where there is a very close relationship between the Howard government and Gunns, and that has subverted the community interest of 500,000 Tasmanians. What a rort. What a spectacular failure of probity, prudence and the proper use of taxpayers’ funds in Tasmania. The minister should be ashamed of himself. The minister has been engaged here in featherbedding a billion-dollar company to the exclusion of the interests of 500,000 Tasmanians. It is a scandal. There is no mitigating circumstance for the statement that came from Senator Abetz this afternoon—none whatever. If the government want to give $60 million of taxpayers money to Gunns for the pulp mill, then let them do it. But to allocate road-funding money—which should be a priority to make the Tasmanian road system safer—to a commercial use for a proposed mill by Gunns is simply outrageous. (Time expired)

Question agreed to.
PERSONAL EXPLANATIONS

Senator O’BRIEN (Tasmania) (3.34 pm)—I seek leave to make a personal explanation.

Leave granted.

Senator O’BRIEN—In the other place during question time, in answer to a dorothy dixer the Minister for Transport and Regional Services, Mr Truss, claimed that I, as the opposition spokesman on transport, was the only person who did not support more money for roads, and suggested that I had some other stronger interest in referring infrastructure matters to some body to assess their worth. He did that apparently in response to a press release I issued in response to the budget.

His comments grossly misrepresent the comments that I made in that press release, and to demonstrate that I propose to read it. It was issued at about a quarter to one today. It is entitled Serious potholes remain despite overdue transport spending. It states:

Additional road and rail funding in Peter Costello’s 11th Budget is an acknowledgement that Australia’s road and rail network has been run down by the Howard Government over the past decade.

But serious potholes remain in the nation’s transport network. AusLink is still a grab bag of funding promises, not a co-ordinated national land transport plan.

The Howard Government has yet to embrace Labor’s plan to create Infrastructure Australia and subject project proposals to a National Infrastructure Audit.

Once again Australians who live and work in our cities have been left out in the cold—record petrol prices and a pittance to fix up our urban road and rail mess. Alongside the road freight sector, commuters in our capital cities have very little to celebrate this morning.

Not even the major Budget transport promises live up to the hype.

The Hume Highway commitment will not realise the full duplication of the highway.

The Howard Government has not explained why the Pacific Highway promise is the only new major road commitment in the Budget that comes with strings attached. The people of New South Wales have no guarantee the promise will advance the upgrade of the Pacific Highway, and tolls are still on the government’s agenda.

Funding for local roads through the Roads to Recovery program is welcome but represents a one-off injection, not a long term commitment.

While more resources for the national road and rail system is a welcome Budget outcome, the government has not addressed the critical question facing the transport industry—the availability of skills to get the job done.

Labor is concerned the cost of road and rail infrastructure will be inflated by the Howard Government’s election-focused spending and continuing neglect of skills training.

Far from not supporting additional spending, we made some criticisms of the direction of the spending but made the note that additional spending was welcome. I am not sure what the minister’s English language qualifications are, but I am sure if he has difficulty with reading that there are places in this building and outside in the city of Canberra where he can equip himself with the skills necessary to understand the English language.

PETITIONS

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

Asylum Seekers

Petition to the Honourable the President and Members of the Federal Senate in Canberra. The Petition of the Citizens of Australia states that:

(1) The rich Christian heritage of political freedom that we enjoy in Australia has benefited all Australians; and was confirmed when we became a Federated Commonwealth in 1901 with the adoption of the Australian Constitution, the Preamble of which states, ‘Humbly relying on the blessing of Almighty God’. 
(2) Many Christians around the world suffer persecution for their faith in countries where Christian principles are not enjoyed and seek refuge in our nation of Australia.

(3) The need of these Christians is an urgent need and their Christian beliefs and practices are compatible with the principles on which our Nation was established.

Your petitioners therefore humbly pray that immigration policies be framed to expedite the entry of Christian refugees into Australia.

And your petitioners, as in duty bound, will ever pray.

by The President (from 13 citizens).

Australian Broadcasting Corporation
To the Honourable Members of the Senate in the Parliament assembled
The petition of the undersigned draws attention to the important role played by the Staff Elected Director of the ABC board in providing vital firsthand knowledge of the day-to-day running of the national broadcaster.

Your petitioners ask the Senate, in Parliament, to call on the Federal Government to commit to retaining this position, and to appointing the other ABC board members based on merit

by Senator Bartlett (from 147 citizens).

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 Senator Boswell (from 50 citizens).

Petitions received.

NOTICES Presentation
Senator Siewert to move on the next day of sitting:
That the time for the presentation of the report of the Rural and Regional Affairs and Transport References Committee on its inquiry into Australia’s future oil supply be extended to 19 October 2006.

Senators Moore, Allison and Ferris 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 19 October 2006:
Gynaecological cancer in Australia, and in particular the:
(a) level of Commonwealth and other funding for research addressing gynaecological cancers;
(b) extent, adequacy and funding for screening programs, treatment services, and for wider health support programs for women with gynaecological cancer;
(c) capability of existing health and medical services to meet the needs of Indigenous populations and other cultural backgrounds, and those living in remote regions;

(d) extent to which the medical community needs to be educated on the risk factors, symptoms and treatment of gynaecological cancers;

(e) extent to which women and the broader community require education of the risk factors, symptoms and treatment of gynaecological cancers; and

(f) extent to which experience and expertise in gynaecological cancer is appropriately represented on national health agencies, especially the recently established Cancer Australia.

Senators Barnett, Polley and Bob Brown to move on the next day of sitting:

That the Senate—

(a) acknowledges the amazing courage and tenacity of Mr Todd Russell and Mr Brant Webb since the underground accident at the Beaconsfield Gold Mine on Anzac Day, 25 April 2006;

(b) applauds the actions and resilience of the rescue team during the 14 day ordeal when these men were entombed 925 metres underground, and specifically acknowledges the work of the emergency services, mine management, the Mayor Barry Easther and his council, the Australian Workers Union, Tasmanian Minerals Council Limited, the Beaconsfield churches, and numerous community groups and volunteers, and the spirit of the Beaconsfield community in conducting and assisting the delicate exercise resulting in their successful rescue;

(c) notes that the elation felt from this rescue feat is tempered by the death of Mr Larry Knight in the same accident, and pays tribute to his wife Jackie and family for deferring the funeral to afford priority for the rescue mission, and extends sincere condolences to Jackie and her family; and

(d) records that Australia, and the world, will long remember this tragic accident and amazing, successful rescue with admiration.

Senator Lundy to move on the next day of sitting:

That the Senate condemns the Howard Government for ignoring in the Budget the urgent needs of parents struggling with the cost, availability and quality of child care, noting:

(a) the incompetence of the Howard Government in allocating $60 million for child care places that will never be delivered given that there are already 100,000 unallocated places due mainly to the shortage of child care professionals;

(b) the failure to bring forward the 30 per cent rebate on out-of-pocket child care expenses despite criticism of the rebate from the Government’s own backbench and the fact that child care fees are rising far in excess of other goods and services; and

(c) that parents who can not find child care, can not work, adding to the skills shortage.

Senator Ellison to move on the next day of sitting:

(1) That the 2006-07 Budget estimates hearings by legislation committees be scheduled as follows:

- Monday, 22 May to Thursday, 25 May (Group A)
- Monday, 29 May to Thursday, 1 June (Group B).

(2) That committees meet in the following groups:

**Group A:**
- Environment, Communications, Information Technology and the Arts
- Finance and Public Administration
- Legal and Constitutional
- Rural and Regional Affairs and Transport

**Group B:**
- Community Affairs
Economics
Employment, Workplace Relations and Education
Foreign Affairs, Defence and Trade.

Senator Nettle to move on the next day of sitting:
That the Senate—
(a) notes that:
(i) the United Nations (UN) sponsored Act of Free Choice which sanctioned the Indonesian occupation of West Papua consisted of 1 022 West Papuans hand-picked by Indonesia and pressured to support integration, and
(ii) a recent Newspoll found that 77 per cent of Australians were in favour of the people of West Papua having ‘the right to self determination, that is, the right to determine their own political future, including the option of independence’; and
(b) calls on the Government to make representations to the UN Secretary-General regarding the Act of Free Choice requesting that he establish an inquiry into the validity of the process.

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 the last sitting week of 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 CSTDAs 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.

Postponement
The following items of business were postponed:
The following items of business were postponed:
Business of the Senate notice of motion no. 1 standing in the name of Senator Bartlett for today, proposing the reference of matters to the Legal and Constitutional References Committee, postponed till 11 May 2006.
Business of the Senate notice of motion no. 2 standing in the name of Senator Carr for today, proposing the reference of a matter to the Community Affairs References Committee, postponed till 7 December 2006.
Business of the Senate notice of motion no. 3 standing in the name of the Leader of the Australian Greens (Senator Bob Brown) for today, proposing the reference of matters to the Community Affairs References Committee, postponed till 14 June 2006.
General business notice of motion no. 423 standing in the name of Senator Stott Despoja for today, relating to Mr David Hicks, postponed till 11 May 2006.

BUSINESS
Consideration of Legislation
Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (3.40 pm)—I move:
That the government business orders of the day relating to the Superannuation Legislation Amendment (Trustee Board and Other Measures) Bill 2006 and the Superannuation Legislation Amendment Bill 2004 may be taken together for their remaining stages.
Question agreed to.

MELBOURNE COMMONWEALTH GAMES

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (3.40 pm)—At the request of the Minister for the Arts and Sport, Senator Kemp, and Senator Lundy, I move:

That the Senate—
(a) congratulates all the athletes in the Australian Commonwealth Games Team for achieving an outstanding result at the XVIIIth Commonwealth Games in Melbourne;
(b) particularly congratulates medal winners in helping the Australian team achieve its record result of 221 medals including 84 gold, 69 silver and 68 bronze;
(c) acknowledges:
(i) the contribution of all the support staff including the coaches, doctors, trainers and vast array of other support staff who are now so necessary for success on the international sporting stage,
(ii) the Australian Commonwealth Games Association for its contribution in managing the Australian Team, and
(iii) the Australian Institute of Sport and the Australian Sports Commission on their key contributions to the preparation of the Australian Commonwealth Games team;
(d) congratulates:
(i) the 15 000 volunteers whose outstanding contribution made the Melbourne Commonwealth Games a memorable and enjoyable experience for all those involved, and
(ii) the Chairman of the M2006 Corporation, Mr Ronald Walker, the Chief Executive Officer, Mr John Hamden, and their team in delivering an outstanding Commonwealth Games described by the President of the Commonwealth Games Federation, Mr Mike Fennell, as ‘simply the best’; and
(e) acknowledges the contributions of the Australian and Victorian Governments to the Melbourne Commonwealth Games, including the delivery of a safe and secure games.

Question agreed to.

TURIN WINTER PARALYMPICS

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (3.41 pm)—At the request of the Minister for the Arts and Sport, Senator Kemp, and Senator Lundy, I move:

That the Senate—
(a) congratulates the Australian Paralympic Team for achieving an outstanding result at the Winter Paralympics in Torino, Italy;
(b) particularly congratulates medal winners Mr Michael Milton and Mr Toby Kane in helping the Australian team achieve this result at the Winter Olympics;
(c) congratulates the Olympic Winter Institute, the Australian Institute of Sport and the Australian Paralympic Committee on its key contribution 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.

Question agreed to.

COMMITTEES

Public Accounts and Audit Committee Meeting

Senator SCULLION (Northern Territory) (3.41 pm)—At the request of the Chair of the Joint Committee of Public Accounts and Audit, Senator Watson, I move:

That the Joint Committee of Public Accounts and Audit be authorised to hold a public meeting during the sitting of the Senate on Thursday, 11 May 2006, from 11 am to 12.30 pm, to take evidence for the committee’s inquiry into finan-
cial reporting and equipment acquisition at the Department of Defence and Defence Materiel Organisation.

Question agreed to.

Employment, Workplace Relations and Education Legislation Committee

Extension of Time

Senator SCULLION (Northern Territory) (3.41 pm)—At the request of the Chair of the Employment, Workplace Relations and Education Legislation Committee, Senator Troeth, I move the motion as amended:

That the time for the presentation of the report of the Employment, Workplace Relations and Education Legislation Committee on the provisions of the Australian Research Council Amendment Bill 2006 be extended to 2 June 2006.

Question agreed to.

Corporations and Financial Services Committee

Meeting

Senator SCULLION (Northern Territory) (3.42 pm)—At the request of the Chairman of the Joint Committee on Corporations and Financial Services, Senator Chapman, I move:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate on Tuesday, 13 June 2006, from 5 pm to 8 pm, to take evidence for the committee’s inquiry into the statutory oversight of the operations of the Australian Securities and Investments Commission.

Question agreed to.

NATIONAL SORRY DAY

Senator SIEWERT (Western Australia) (3.43 pm)—I move:

That, as recommended in the Bringing them Home report tabled in the Senate on 26 May 1997, the Senate recognises that 26 May is National Sorry Day, a day of remembrance each year to commemorate the history of forcible removal of Aboriginal and Torres Strait Islander children and its effects on individuals, families and communities.

Question put.

The Senate divided. [3.47 pm]

(The President—Senator the Hon. Paul Calvert)

Ayes…………… 32
Noses…………… 35
Majority……… 3

AYES

Allison, L.F. Bartlett, A.J.J.
Bishop, T.M. Brown, B.J.
Brown, C.L. Campbell, G. *
Crossin, P.M. Evans, C.V.
Faulkner, J.P. Forshaw, M.G.
Hogg, J.J. Hurley, A.
Hutchins, S.P. Kirk, L.
Ludwig, J.W. Landy, K.A.
McEwen, A. McLucas, J.E.
Mihe, C. Moore, C.
Murray, A.J.M. Nettle, K.
O’Brien, K.W.K. Polley, H.
Ray, R.F. Siewert, R.
Stephens, U. Sterle, G.
Stott Despoja, N. Webber, R.
Wong, P. Wortley, D.

NOES

Abetz, E. Adams, J.
Barnett, G. Bernardi, C.
Boswell, R.L.D. Brandis, G.H.
Calvert, F.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.
Humphries, G. Johnston, D.
Joyce, B. 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. Ronaldson, M.
Santoro, S. Scullion, N.G. *
Troeth, J.M. Trood, R.
Watson, J.O.W.
Question negatived.

URANIUM EXPORTS

Senator MILNE (Tasmania) (3.51 pm)—I move:

That the Senate—
(a) notes:
(i) the statement by the Prime Minister, Mr Howard, on 28 March 2006 that ‘whilst India is not a signatory to the [Nuclear Non-Proliferation] treaty,
everybody knows that, her behaviour since exploding a device in 1974 has been impeccable.

(ii) that India conducted nuclear tests in 1998, prompting the Australian Government to sever defence links with India,

(iii) that India resumed missile testing in 2001, using an intermediate range ballistic missile capable of carrying a nuclear warhead,

(iv) that India has still not become a party to either the Comprehensive Test Ban Treaty nor the Nuclear Non-Proliferation Treaty, and

(v) India has a well-developed, active and secret program to outfit its uranium enrichment program and circumvent other countries’ technology export control efforts, according to a recently-released report by the United States of America-based Institute of Science and International Security; and

(b) calls on the Prime Minister to rule out any change to the Government’s policy of refusing to permit the sale of uranium to India.

Question negatived.

HYBRID VEHICLES

Senator ALLISON (Victoria—Leader of the Australian Democrats) (4.03 pm)—I move:

That the Senate—

(a) notes:

(i) the call by French President Jacques Chirac for French car manufacturers to produce hybrid vehicles at affordable prices within 10 years, and

(ii) that Citroen now plans to have a diesel hybrid vehicle on the road in this time frame, noting its fuel efficiency benefits over petrol hybrid vehicles; and

(b) encourages the Government to similarly call for Australian auto manufacturers to produce diesel hybrid vehicles.

Question agreed to.

IRAN

Senator ALLISON (Victoria—Leader of the Australian Democrats) (4.04 pm)—I move:

That the Senate—

(a) notes that:

(i) 1800 nuclear physicists, including many Nobel Laureates, have joined in a petition opposing the ‘new US nuclear weapons policies that open the door to the use of nuclear weapons on situations such as Iran’s’,

(ii) petitioners note that the policy of the United States of America (US) did, until recently and since WWII, consider nuclear weapons to be weapons of last resort to be used only when the survival of the nation or of an allied nation was at stake, or at most, in cases of extreme military necessity,

(iii) the potential use of tactical nuclear weapons to destroy underground installations as being considered by the Bush Administration against Iran is ‘a major and dangerous shift in the rationale for the use of nuclear weapons’, and

(iv) petitioners argue that ‘using or even merely threatening to use a nuclear weapon preemptively against a non-nuclear adversary tells the 182 non-nuclear-weapon countries signatories of the Nuclear Non-Proliferation Treaty that their adherence to the treaty offers them no protection against a nuclear attack by a nuclear nation. Many are thus likely to abandon the treaty, and the nuclear non-proliferation framework will be damaged even further than it already has, with disastrous consequences for the security of the United States and the world’;

(b) agrees with petitioners that the US Administration should announce publicly that it is taking the nuclear option off the table in the case of all non-nuclear adversaries, present and future; and

CHAMBER
(c) urges the Government to make representa-
tion to the Bush Administration calling for
such a commitment.
Question negatived.

HUMAN RIGHTS: CHILE

Senator Nettle (New South Wales) (4.04 pm)—I move:

That the Senate—

(a) notes that:

(i) over the past decade, the Indigenous
people of Chile, Mapuche, have been in
conflict with the Chilean Government
over the use of Indigenous lands for
forestry and hydroelectric develop-
ment,

(ii) the criminalisation of their campaign
for equal rights under Chile’s terrorism
laws has been criticised by the United
Nations Special Rapporteur on the
situation of human rights and funda-
mental freedoms of Indigenous people,
and

(iii) currently four Mapuche political pris-
oners are on their eighth week of a
hunger strike and in a serious medical
condition; and

(b) calls on the Government to raise this mat-
ter with the Chilean Government request-
ing that they:

(i) carry out negotiations with the
Mapuche political prisoners and their
legal representatives to end the hunger
strike, and

(ii) implement an independent review of
the cases in which Mapuche people
have been tried and convicted on ter-
rorism charges, in order to verify ob-
servance of due process, and, if neces-
sary, order a new trial with full respect
for fair trial guarantees.

Question negatived.

BORDER RATIONALISATION
TASKFORCE

Senator Ludwig (Queensland) (4.04 pm)—I move:

That the report of the Border Rationalisation
Taskforce prepared in 1998 be provided no later
than 18 May 2006 by the Minister for Justice and
Customs to the President under standing order
166(2) for presentation to the Senate.

Question negatived.

NUCLEAR POWER

Senator Milne (Tasmania) (4.05 pm)—I move:

That the Senate—

(a) notes:

(i) the recent 20th anniversary of the
Chernobyl nuclear power plant acci-
dent in the Ukraine,

(ii) the observation of the former Soviet
President Mikhail Gorbachev who said
recently ‘Chernobyl opened my eyes
like nothing else: it showed the horrible
consequences of nuclear power, even
when it is used for non-military pur-
poses’,

(iii) that the sarcophagus that encases the
reactor site remains in a dangerous
state of disrepair and, if it were to col-
lapse, it would send a second plume of
radioactive dust across Europe, and

(iv) that although the exact number of peo-
ple who have died or are dying as a re-
sult of the Chernobyl accident will
never be known with accuracy, the lat-
est reports from the Russian Academy
of Medical Sciences cite a figure of
212 000;

(b) rejects the construction of any nuclear
power stations in Australia; and

(c) calls on the Government to abandon its
support for nuclear power and instead to
invest in energy efficiency, demand man-
agement and renewable energy.

Question negatived.

Senator Milne—I ask that it be noted that
only the Greens supported that motion.

The Deputy President—that will
be noted, Senator Milne.
COMMITTEES

Scrutiny of Bills Committee
Alert Digest

Senator GEORGE CAMPBELL (New South Wales) (4.06 pm)—On behalf of the chair of the Scrutiny of Bills Committee, I present Scrutiny of Bills Alert Digest No. 4 of 10 May 2006.

Finance and Public Administration
References Committee
Additional Information

Senator GEORGE CAMPBELL (New South Wales) (4.06 pm)—On behalf of Senator Forshaw, I present additional information received by the Senate Finance and Public Administration References Committee on its inquiry into government advertising and accountability.

Public Accounts and Audit Committee
Statement

Senator SCULLION (Northern Territory) (4.07 pm)—On behalf of the Joint Committee of Public Accounts and Audit, I table a statement on the budget estimates for the Australian National Audit Office for 2006-07, and seek leave to incorporate the statement in Hansard.

Leave granted.

The statement read as follows—

I rise on behalf of the Joint Committee of Public Accounts and Audit to report on the budget estimates of the Australian National Audit Office. This is a requirement of the Public Accounts and Audit Committee Act 1951, and reflects the Auditor-General’s status as an independent officer of the Parliament.

The Audit Office’s budget allocation in 2005-06 was just under $62 million with a further $1 million received during additional estimates, and another $900 000 received as part of the supplementary additional estimates process. The total budget allocation for 2005-06 is $63.8 million.

The Auditor-General advised the Committee that he had sought additional funding from 2006-07 onwards across three priority areas.

First, the Audit Office sought just over $2.8 million over four years, to provide audit services resulting from the adoption of the Australian Equivalents to the International Reporting Standards and to fund the financial statement audit of the new Future Fund management agency.

Second, the Audit Office sought additional funding for the audit of the Department of Defence’s financial statements, at a cost of $915 000 in 2005-06, and $325 000 for each of the 2006-07 and 2007-08 financial years.

By way of background, the audit of Defence’s financial statements for 2003-04 and 2004-05 revealed significant issues around the Department’s systems and controls. A series of implementation plans to address these issues has been put into place. Progress on these plans will be assessed by the Committee in our new inquiry into financial reporting and equipment acquisition at the Department of Defence.

Third, the Audit Office sought $3.57 million over four years, and $962 000 per annum ongoing, to produce an annual audit report on major Defence projects, as resolved by the Senate following a report by the Senate Foreign Affairs, Defence and Trade committee in 2003.

I am pleased to report that the Audit Office received the funding for the financial statement audit work that it had requested for 2005-06 and 2006-07 onwards. For 2006-07 the Audit Office received $1.125 million to audit the adoption of the Australian Equivalents to the International Reporting Standards; approximately $225 000 dollars for the audit of the Future Fund Management Agency; and an increase of $325 000 for the financial statement auditing of the Department of Defence.

The Committee notes that the Audit Office did not receive approval in the 2006-07 Budget for ongoing funding of an annual report on progress in major defence projects. This proposal was similarly not approved in last year’s budget.

The previous Auditor-General advised the Senate, when it formally requested that the Audit Office produce such a report, that this task was beyond
the Audit Office’s available resources and commitments. The Audit Office’s position was endorsed by the Committee in April 2004.

The Committee has, in recent years, devoted considerable attention to the Auditor-General’s reports on individual defence projects. We believe that funding the Audit Office to produce an annual audit on progress with such projects could well deliver significant benefits for both the Department of Defence and the Australian taxpayer. Such a report would also be in line with developments in the United Kingdom and United States.

We will assess this issue further during our current inquiry into financial reporting and equipment acquisition at the Department of Defence, and in that light may make recommendations to the Parliament at a later date.

Overall, the Auditor-General advised the Committee that the Audit Office’s budget for 2006-07 is sufficient to enable it to meet its auditing responsibilities. The Auditor-General had previously informed the Committee that adoption of the Australian Equivalents to the International Reporting Standards had allowed him to manage the Centenary House rental costs by accessing accumulated funds without recording an operating deficit. As a result, the Audit Office has budgeted to break even in 2006-07.

I note that actual outlays under the Centenary House lease agreement will be approximately $6.7 million in 2006-07, $7.3 million in 2007-08 and a further $1.7 million before the lease expires in September 2008. This is reducing the accumulated cash reserves of the Audit Office.

The Auditor-General also advised the Committee that the increasing requirements of Auditing Standards, and the need to be competitive in the accounting and auditing labour market, are exerting sustained cost pressures, which flow through to the Audit Office’s budget for 2006-07 and the out-years.

The cost of audit contractors has also increased, adding to the budget pressures. While the Audit Office has used contractors for many years to assist with the larger commercial audits and to manage peak workloads, the Auditor-General also informed the Committee that he is also using contractors for government agency work due to staff shortages.

In light of these developments, the Auditor-General has indicated that he will be reviewing his budget position and market conditions throughout the course of 2006-07, and will inform the Committee of the outcome of this review ahead of next year’s budget.

The Committee is concerned to ensure that the Audit Office is properly resourced, given the importance of its work. In particular, it is vital that the Audit Office is able to attract and retain the high-quality staff it employs to undertake its performance and financial statement audits. We will await further advice from the Auditor-General before informing the Parliament on the resourcing of the Audit Office beyond the coming budget year.

The Auditor-General’s advice that his budget of $64 million for 2006-07 is sufficient has been noted and welcomed by the Committee, and accordingly we endorse the budget proposed for the Audit Office for the year ahead.

I present a copy of my statement.

Public Works Committee
Reports

Senator SCULLION (Northern Territory) (4.07 pm)—On behalf of the Parliamentary Standing Committee on Public Works, I present the following two reports: sixth report of 2006, relating to the fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry, Civic, ACT; and seventh report of 2006, relating to the fit-out of new leased premises for the Australian Taxation Office at the site known as Section 84, Precincts B and C, Canberra City, ACT, and move:

That the Senate take note of the reports.

I seek leave to incorporate a statement in Hansard.

Leave granted.

The statement read as follows—
The sixth report of 2006 addresses the fit-out of new leased premises for the Department of Agriculture, Fisheries and Forestry in Civic, ACT, at an estimated cost of $36 million.

The Department anticipates that the fit-out will provide a modern, efficient work environment which will meet the Department’s needs for the next 15 years. The new building will meet Commonwealth building, environmental and security standards and will take account of the occupational health and safety needs of the staff.

The Committee investigated all aspects of the work paying particular attention to lease arrangements, workflow considerations and building facilities.

To accommodate the Department at its new premises, overflow office space in the adjacent building has been included in the lease arrangements. The Department assured the Committee that tenancy of both buildings would be cost-effective and beneficial for staff amenity. Furthermore, the lease will provide flexibility should not all the space in the adjacent building be required.

The Committee was particularly interested in the Department’s Project Cost Control Committee, which was established to oversee all aspects of the relocation project, including strategic direction, goal and priority setting. The Committee commends the Department on the Cost Control Committee’s management of the project and hopes that other agencies will undertake similar initiatives.

The Department submitted that the on-site provision of a café, gymnasium and child-care facilities was being considered against the availability of those facilities in the vicinity of the new premises. The Committee recommends that the Department advise it when a decision has been reached regarding the provision of on-site childcare.

Following consultation with the Department of Finance and Administration, the Committee was satisfied that the lease incentive obtained by the Department represents standard commercial practice and recommends that the project proceed at the estimated cost of $36 million, noting that this figure may be reduced by the lease incentive.

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The Committee’s seventh report of 2006 presents findings in relation to the proposed fit-out of new leased premises for the Australian Taxation Office at the Site known as Section 84, Precincts B and C, Canberra City, ACT.

The purpose of the proposed work is to consolidate ATO National Headquarters at single location. The ATO currently occupies seven buildings in central Canberra, which has led to administrative and operational inefficiencies. Consolidation of the National Headquarters into a single complex will allow for the implementation of more collaborative work practices, uniformity of workspace and increased efficiency.

During the hearing into the proposed work, the ATO amended the project cost estimate to $76.879 million, including GST. The Committee inquired into the reason for the increase and was satisfied by the information provided by the ATO. The Committee was also satisfied with the information provided on the proposed lease incentive arrangements for the project.

Given that the ATO proposes to relocate from seven different buildings, the Committee was interested to know what contingency arrangements would be exercised should the fit-out of the new premises be delayed. The ATO assured the Committee that it had already extended two of its leases and added that its seven existing leases each have different expiry dates, which provides some flexibility in the event of construction delays.

Having given detailed consideration to the proposal, the Committee recommends that proposed fit-out of new leased premises for the Australian Taxation Office proceed at the estimated cost of $76.879 million, noting that any money saved through the lease incentive will be returned to Consolidated Revenue.

I wish to thank my Committee colleagues and all those who assisted with the public hearings.
I commend the Reports to the Senate.

Question agreed to.

**Treaties Committee Report**

Senator WORTLEY (South Australia) (4.07 pm)—On behalf of the Joint Standing Committee on Treaties, I present the 73rd report of the committee, entitled *Treaties tabled in February 2006* and move:

That the Senate take note of the report.

Report 73 contains the findings and recommendations of the committee’s review of six treaty actions tabled in parliament on 7 and 8 February 2006. I will comment on all the treaties reviewed.

The amendments to the Convention on the Conservation of Migratory Species of Wild Animals newly lists numerous endangered migratory species. This includes the basking shark, which was jointly nominated by the United Kingdom and Australia. As a range state for the basking shark, Australia is obliged to protect the migratory species and already meets its responsibilities in this regard through the Environment Protection and Biodiversity Conservation Act 1999. The committee supports Australia and the United Kingdom’s joint nomination of the basking shark as a continuation of its efforts to protect sharks, as well as a continuation of its broader efforts to protect migratory species.

The Bilateral Aviation Safety Agreement and Implementation Procedures for Airworthiness with the United States of America are effectively two treaties on which the committee has provided combined comment. The Bilateral Aviation Safety Agreement is an umbrella agreement that provides for cooperation with the United States of America in the areas of aircraft and environmental certification, maintenance and flight operation. The second treaty, the development of Implementation Procedures for Airworthiness under the agreement, details the technical processes that Australia’s Civil Aviation Safety Authority and America’s Federal Aviation Administration will undertake in certifying, approving and overseeing a range of airworthiness activities, including the design and production of aeronautical products.

The protocol of amendments to the Convention on the International Hydrographic Organisation will improve the efficiency of the organisation by creating new structures and processes to improve corporate governance. This includes the establishment of an assembly, council and finance committee. In addition, the amendments introduce voting procedures that will apply where consensus between member states cannot be reached and will make it easier for new states to join the International Hydrographic Organisation. Established in 1921, the International Hydrographic Organisation is an intergovernmental consultative and technical organisation that supports safety in navigation and the protection of the marine environment. Australia exercises its obligations under the convention through the Australian Hydrographic Service.

The protocol amending the agreement with New Zealand for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income revises the exchange of information article of the existing agreement in line with the new OECD standard. In addition, the protocol inserts two new articles: assistance in the collection of taxes and a most favoured nation article covering withholding taxes. The revision of the agreement with New Zealand will enhance Australia’s competitive and modern tax agreement network, ensure it remains relevant for emerging issues and improves the level of cooperation between the two jurisdictions.
The agreement with the government of Bermuda on the exchange of information with respect to taxes provides for the full exchange of information on criminal and civil tax matters between Australia and Bermuda. The agreement will help Australia to protect its revenue base by allowing access to necessary offshore information and to improve the integrity of the tax system by discouraging tax evasion, especially through tax havens. The agreement is modelled on the OECD’s tax information exchange agreement framework, which was formulated in response to eradicating harmful tax competition. The committee heard that around $A5 billion is moved out of Australia annually to tax havens. To help combat the problems associated with tax havens, the Australian Taxation Office, the Australian Crime Commission and the Australian Federal Police have commenced a major investigation into the use of offshore tax havens for alleged money laundering and tax evasion. The agreement is the first of its kind for Australia and the third such agreement to be signed in the world and will aid investigators in the collection of evidence and in determining the extent and nature of tax evaded.

In conclusion, the committee believes the treaties reviewed in report 73 are in Australia’s interest and should be ratified. I commend the report to the Senate.

Question agreed to.

**FAMILY LAW AMENDMENT (SHARED PARENTAL RESPONSIBILITY) BILL 2006**

Returned from the House of Representatives

Message received from the House of Representatives agreeing to the amendments made by the Senate to the bill.

**COMMITTEES**

**Rural and Regional Affairs and Transport Legislation Committee**

Report

Senator SCULLION (Northern Territory) (4.14 pm)—On behalf of the Chair of the Rural and Regional Affairs and Transport Legislation Committee, Senator Heffernan, I present the report of the committee on its examination of annual reports tabled by 31 October 2005.

Ordered that the report be printed.

**AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION AMENDMENT BILL 2006**

Report of Employment, Workplace Relations and Education Legislation Committee

Senator SCULLION (Northern Territory) (4.15 pm)—On behalf of the Chair of the Employment, Workplace Relations and Education Legislation Committee, Senator Troy, I present the report of the committee on the provisions of the Australian Nuclear Science and Technology Organisation Amendment Bill 2006, together with documents presented to the committee.

Ordered that the report be printed.
STUDENT ASSISTANCE
LEGISLATION AMENDMENT BILL
2005
Second Reading

Debate resumed from 27 February, on motion by Senator Kemp:
That this bill be now read a second time.

Senator STOTT DESPOJA (South Australia) (4.15 pm)—The Student Assistance Legislation Amendment Bill 2005 legislates for something that has already been done—that is, the closure of the Student Financial Supplement Scheme, the SFSS. As honourable senators may be aware, the government first moved to close this scheme in 2003. The rationale that was offered at that point included a reduction in the number of people taking up the scheme and the level of debt as a consequence of taking up the scheme if you were a student.

I do not think the declining demand for the scheme should take anyone by surprise. As the Democrats consistently noted—in fact, from when this particular scheme began—the scheme was fraught with difficulty. It was first established in 1993. We found it a punitive and miserly measure that targeted vulnerable people in particular—that is, people from lower socioeconomic groups or rural and regional students; those who were already in financial straits. Without income support, those groups of people would have had little opportunity for pursuing further study, so it became an important crutch, if you like, for people who wanted to study and were therefore prepared to incur unreasonable levels of debt.

With the SFSS, students found themselves trading in $1 of their student income support for $2 of loan. The entitlement that was traded became part of the loan, leading to quick debt accumulation. Many students were not aware that they were actually trading their entitlement for a loan. A number of student representative groups, peak groups, in Australia rejoiced at the closure of the scheme because it unfairly penalised people already struggling with university costs, debts and, of course, university fees, and they felt that this was luring students to forgo income support to which they were entitled.

So the Democrats are not unhappy to see this scheme closed. When this was first announced in 2003, I was very up front about the fact that we did not think that this was an appropriate scheme and that it was not a fair one. Mind you, we were strongly arguing for other support measures to replace it. Nonetheless, my main concern was how we were going to look after the students who were already in the scheme—students who had those loans and required those loans for the duration of their degree.

The Democrats did not simply plan to introduce amendments, but, as I recall, I did introduce amendments. As I recall, I circulated amendments in this place in 2003. The intent of those amendments was to grandfather the students who were already in the scheme. As senators may be aware, the government saw the writing on the wall. Of course, this is pre the coalition-run Senate. That means that those of us on the cross-benches and in the non-government parties could have succeeded in passing the amendments to grandfather the students who were in that scheme. In fact, I remember having discussions with the Independents at the time, particularly Senator Harris, as I recall, who was also particularly keen to ensure the protection of the students and the families who were already affected by the loan scheme.

I am sure that many senators, like my office, had many phone calls, faxes, pleas, letters et cetera from families and individual students, pleading with us to ensure that this scheme, upon which they relied, would not
be shut down. But the government saw the writing on the wall and decided to do what we are probably seeing a lot of these days, but, nonetheless, it still surprises me. In fact, the last time that I can recall it happening while I have had this portfolio, which is almost 11 years, was for the closure of NBEET, the National Board of Employment, Education and Training. Senators may remember how that was closed down in an administrative way—the board ceased to exist—before the legislation was passed.

So what did the government do this time? They closed it down administratively and now we are dealing with the legislation. I do not know whether it has escaped people’s notice but it is actually 2006 now—just a couple of years later. I am glad that the government have got around to it, because I was really looking forward to this democratic opportunity to debate, weigh up the methods and the process, and determine whether or not it is an appropriate thing to do. We lobbied the relevant minister. We made very clear to ministers, their advisers and others that we wanted to install a sunset clause in the legislation to protect the students in the scheme who, let us face it, effectively just had the rug pulled out from underneath them, but unfortunately that was to no avail. Although we recognised that the scheme was inequitable—I remember that one student financial adviser described it as ‘insufficient, mean and tricky’; that might be applied, too, to the process with which it was closed down—many students relied on the scheme to fund their study. To shut it down without offering anything in its place was a mean solution.

Senator Wong made reference to some of the statistics. They are pretty alarming, but they are worth putting on record so that government members understand what they did. In the last year of its operation, nearly 40,000 students applied for and accepted an SFSS loan. Many of those students were from traditionally disadvantaged groups, more than half were woman and 15.2 per cent were listed as recipients of the single parenting payment. Those are the types of people who were being disadvantaged by the sudden closure of the scheme, without any replacement, grandfathering or other forms of support.

The abolition of this scheme without the grandfathering of those already relying on it to facilitate their study had, I think, such a mean impact. It did affect the ability of some students to finish their degrees and courses. People told us that it put their study in complete doubt. So the bill now officially brings to a close a scheme that has already been ditched. Still we hear nothing about potential replacements for this measure. Look at the budget last night. Where is student income support? I should not be so naive as to even ask that question. In the last decade it has not been there. There has been nothing on student income support. It is bad enough that the skills shortage was not addressed and education was not really invested in. There was nothing for schools. Higher education—what a joke! As for raising the FEE-HELP cap—please—that is just more debt for students! There was no student income support, although we know that it is one of the key measures to facilitate participation in higher education for lower socioeconomic and other disadvantaged groups. This is just another example.

I think that student income support in this country is in an appalling state of neglect. That has been caused by successive governments, but at least the Labor Party in the nineties was trying to achieve some changes, albeit not enough. But the last decade has just been absolutely appalling. In fact, if senators are interested or if they have any doubts about the appalling state of neglect, just look at the Senate inquiry that the De-
Democrats initiated—the first income support inquiry that looked solely at student income support. Look at some of the statistics contained in that Employment, Workplace Relations and Education References Committee report and listen to the stories that students, advisers and others told. Probably we heard most of the extremes, whether it is students being forced to work in the sex industry or, as I heard at the committee hearing in Adelaide, students being used as guinea pigs for medical experiments in order to earn some money.

We listed the anomalies and punitive measures that actually exist within the current system, such as Austudy recipients not being eligible for rent assistance. This is one that still staggeres me. Why on earth is it that if you are on the common youth allowance you can access it, but you cannot if you are on Austudy? When I have put this to people, including people high up in government, no-one has come up with a rationale. Even at the committee hearings, no-one gave me or the committee a convincing reason for it. I still hope that maybe in next year’s pre-election budget we might see some action on this. Another issue is the part-time postgraduate scholarships in relation to taxation.

It was reported that students who are single and over the age of 25 who are ineligible for rent assistance are eking out an existence on a payment that is effectively 49 per cent below the poverty line. Economic survival has usurped academic success as the main object of many students. The committee report says:

The result is that many students find themselves in a precarious financial situation, struggling to provide themselves with the basic necessities of life.

What does the government think—that living below the poverty line for students is somehow a rite of passage? Is it some sort of outdated romantic notion of students studying at university today—that it is about eking out an existence? Do they think that is what you have to do to earn your degree?

The vice-chancellors do not agree with that archaic image. The vice-chancellors—and, as I often remind people, they are not the most radical organisation—have been at the forefront of the arguments for reform of student income support in this country. They are worried about the statistics that show how many students are missing classes, tutorials, lectures and study time as they have to work to support themselves because of the lack of income support, the paltry amount of income support and the inaccessibility of income support in Australia today. Many students are spending hours off campus working in part-time jobs. The committee found:

They are working longer hours than before to the detriment of their studies and their overall experience of university.

I would add that the National Union of Students recently found that almost one-third of part-time students work more than 16 hours per week. It condemned the state of student income support under the current government. The report goes on to say:

The committee believes the financial situation of many students under the policies of the Howard Government is grim, and that the evidence presented to the committee during the inquiry shows that it has deteriorated even further over the past few years.

In addition, the potential impact of the introduction of so-called voluntary student unionism is going to have a hugely deleterious effect. What did we see in the budget last night? We saw the cheap, sell-out, transitional fund—$81 million or whatever it is. Well done, Family First! That is great. That is putting families first. What a cheap sell-out! I think there was also a $10 million scheme for small businesses to encourage
them to set up on regional campuses that may be adversely affected by the impact of voluntary student unionism. Mr Acting Deputy President, I misled the Senate. Remember, that transitional fund relates mostly to sporting and recreational facilities on campus. It is not about other issues. So students are in for it yet again. I start to think it is about a rite of passage now. I do not believe that those government ministers who got their education publicly funded necessarily believe that that is what the next generation should have or deserves.

Severe rules on eligibility for student income support have prevented many students from accessing it at all. The inquiry found that the parental income test threshold is too low. It is not keeping pace with wage increases and, indeed, the cost of living. This valuable report comprehensively and thoroughly examined the sector. It examined the issues, particularly the shortcomings of student income support. Despite the fact that the government had representatives on the committee who concurred with the recommendations—remember, there was a majority signing-off on these recommendations—and despite the fact that the government members signed off on the recommendation that rent assistance be extended to Austudy recipients, the government has done nothing. The committee recommended that a costing on this measure should be undertaken and completed before the end of 2005. Well, we missed that deadline. Then again, if you look at the rate of progress, it has only taken 2½ years to close down a scheme that has already been closed down. Maybe we are working in dog years.

**Senator Wong**—No, they have the numbers!

**Senator STOTT DESPOJA**—They have the numbers now, says Senator Wong. It is true. But, even with the numbers, is there any consideration left for process and convention in this place? My goodness! In the last round of estimates I asked the government what they were doing about the inquiry recommendations, only to be met with pretty much a non-response. What a difference extending rent assistance to Austudy recipients would make! A recent study found that more than half the part-time students surveyed would prefer to be in full-time study if their finances permitted, and a third believe a lack of government support is preventing them from studying full time. The study also revealed that part-time students were more likely to come from lower socioeconomic backgrounds and tended to have attended public schools. Current measures of student income support are clearly inadequate to overcome seemingly more entrenched inequities in the higher education sector.

I remember, back in 1990, that the then education minister published *A fair chance for all*, as part of an overview of the higher education sector. It contained the principle:
The overall objective for equity in higher education is to ensure that Australians from all groups in society have the opportunity to participate successfully in higher education.

Well, let us look at the participation rates in the last decade. Equity groups have seen a decline in their participation rates. They have either declined or remained stagnant. For example, participation of students from lower socioeconomic backgrounds has fallen slightly, as has that of Indigenous Australians. That is understandable given the many cuts that have taken place, particularly to Abstudy since 2000. So much for this equity. Higher education has endured a barrage of attacks, funding cuts, cost shifting and cost increases. Everyone knows the litany of what has happened to education funding and support.
The National Union of Students released a report this year on the past 10 years in higher education, which contained a number of concerning findings. Accumulated HECS debts have risen from $3.9 billion to $13.2 billion during the decade. I mean, this is huge. The average student contribution to university operating costs increased from 14 per cent to 42 per cent, while the Commonwealth’s contribution has decreased from 61 per cent to 41 per cent. The student to staff ratios have increased from 15.6 to 20.7.

So, while this bill does very little that has not been already achieved administratively, it does once again highlight these issues and the government’s response to them, particularly to student income support. This bill contains, as has been acknowledged in the previous contribution, a potentially risky subsection that requires clarification. The proposed subsection 48(2) seeks:

... to eliminate the need to make new regulations whenever the Guide to Commonwealth Government Payments is altered.

However, this subsection may have the unintended effect of limiting the parliamentary scrutiny of changes to guidelines for Abstudy and the Assistance for Isolated Children schemes. Of issue here is the proposed new subsection 48(2), which relates to notifying Centrelink of a change in circumstances, for instance a change of course enrolment. It has been pointed out that the proposed change is unclear whether the term ‘notifying’ includes or excludes prescribed events, where ‘prescribed events’ refers to the reasons for notifying Centrelink, such as a change in circumstances. If ‘notifying’ does include prescribed events, then DEST may have the power to prescribe when, under which circumstances and how a person notifies Centrelink of a change of details. If ‘notifying’ does not include prescribed events, it is restricted to how a person may notify Centrelink. So there is concern that the department can change when or under what circumstances a person must notify Centrelink without this decision being subject to parliamentary scrutiny.

Given the possible punishment for those failing to meet these obligation—up to one year in prison—it is imperative that ‘prescribed events’ cannot be changed without parliamentary scrutiny. I notice that the government was concerned enough about this clause to issue a replacement explanatory memorandum to shed light on what the subsection does and does not do. However, the bill itself has not been changed to this effect. Unlike the actual legislation, the explanatory memorandum and the clarification made in it is not binding. So we believe the clarification should be included in the bill to make this explicit.

I understand that Senator Wong made a similar comment, and I note the amendment which she has circulated. I draw the Senate’s and the Labor Party’s attention to an amendment, which they may be aware of, which I circulated in this place on 2 March 2006, which seeks to do the same thing. I think we are both after the same objective. I have not worded my amendment—on behalf of the Democrats—the same as the Labor Party amendment because the advice that we received after initially considering drafting it in the same format was that it was still ambiguous and that this was the better way to draft it. Having said that, we can probably read the numbers. I am not confident that either one will be successful. We considered drafting it in a similar fashion but we had advice, mulled over it for a long period of time and decided that this is the amendment that we are proceeding with today. But I think we are pretty keen to achieve exactly the same outcome, and there may be some on the coalition side who have similar views—yes, crazy—about process, parliamentary scrutiny and clarifying things that may actu-
ally need clarification in law. I do not know—call me crazy, but we will see—if anyone will actually consider that. Nonetheless, this legislation will of course be passed. It is a travesty that it has taken this long. It is appalling how undemocratic the process has been. For it to take from 2003 to 2006 is pretty pathetic. We are moving an amendment; I foreshadow the amendment moved in my name on behalf of the Democrats to at least try and clarify what could be quite a deleterious aspect of this bill.

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural Affairs) (4.36 pm)—I would like to thank senators for their contributions, and there are a few points I think should be put on record. Senator Wong has apparently stated for the Labor Party that the most important issue is to ensure parliamentary oversight of eligibility and access criteria for student assistance. In response to that, it is important to say that the government has continued commitment to student income support. However, in this case, the concerns she has raised about this bill are based on a misunderstanding. The only instrument or other writing in question here is A guide to Australian Government payments. It sets out a statement of benefits and basic eligibility criteria. However, this instrument merely reflects details which are set out in the regulations. It is published quarterly for the information of the Australian public.

At present, every time A guide to Australian Government payments changes the department is required to amend regulation 5 in part 2 of the Student Assistance Regulations 2003. The current reference to the guide in those regulations is 20 September 2004. Right now, the reference is wrong and out of date. The current guide to Australian government payments—the one that applies to the Australian public—is in fact dated 20 March 2006 to 30 June 2006. Rather than amending the regulations every time a new version of A guide to Australian Government payments is issued, which is every quarter, the department seeks the flexibility to refer to any instrument or other writing as ‘in force or existing from time to time’ to save the requirement of this quarterly regulation change. That is the whole purpose of the government’s amendment: to avoid the obligation to amend the regulations every three months. You can clearly see that this obligation is now not fulfilled as punctually as required and this can therefore mislead the public as to the correct version of the guide in operation.

The purpose of the government’s amendment is not to hide new eligibility or access criteria. The government’s amendment has no impact on parliamentary scrutiny. As indicated clearly in the revised explanatory memoranda, prescribed events are all set out in the regulations. That is the principal purpose of the regulations and it is clear that there is no intention to depart from those arrangements—none at all. The government’s amendment is intended to avoid wasting departmental time and avoid any prospect of misleading the Australian public as to the most up-to-date version of the guide.

Labor’s amendment does not provide any assistance to the department; on the contrary, if it were accepted, Labor’s amendment would require the department to make a whole new second set of regulations. One set would relate to the procedures for notifying the department of a change of circumstances, which could refer to the other documents, like A guide to Australian Government payments, and a second set of regulations, which could refer to eligibility criteria and prescribed events. Quite the opposite of making it easier and simpler, it would get worse. There is no gain here for the Labor Party. There is no additional scrutiny of eligibility criteria and prescribed events. As is the case
now, eligibility criteria and prescribed events would be set out in the student assistance regulations. There is no gain to the department, which wishes not to have to amend the regulation every three months. There is no gain for the public, who can be and are being misled by the reference to an old version of A guide to Australian Government payments.

The Australian Democrats amendment is similarly misdirected. Again, they do nothing to assist the waste of departmental time in amending the regulations every three months. Instead, they require that there be a second set of regulations. In this case, one set can relate to anything but prescribed events and can refer to or adopt other instruments or documents. Another set can relate to prescribed events. There is no gain for the department because it still has the three-monthly problem and there is no gain for the public, who are currently being misled. It is just bureaucratic time wasting. We therefore do not accept either the Labor or Democrats amendments to the bill.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator WONG (South Australia) (4.41 pm)—I move amendment (1) on sheet 4853:

(1) Schedule 2, item 10, page 14 (line 15), omit “notifying”, substitute “procedures to be observed by a person who is notifying”.

I want to speak briefly to this amendment and to a number of the issues that the minister put forward in her closing remarks. In the second reading debate I set out in detail the opposition’s concerns about the regulation-making power regarding procedures for notification that are contained in the bill. We acknowledge that there are competing legal interpretations of this proposed power and I set out the opposition’s concerns that arise if a broad interpretation is preferred. I want to note that an amended EM—explanatory memorandum—was introduced during debate in the other place. That fulfils the commitment made to the Senate committee that a clarification statement would be made to explicitly state that prescribed events may only be determined expressly in the regulations.

I want to make the point that when the minister says, ‘Oh, there is no problem here; there is no issue,’ the government has responded to a request that a statement be made in the EM to clarify the precise scope of the power that is being given in this bill. I also want to note that, through the inclusion of a statement in the EM, the department and the minister are in fact acknowledging the validity of the concerns raised by the opposition and other parties about the unintended consequences of this bill and the concerns raised by the Senate committee inquiry and the office of the shadow minister, the member for Jagajaga, in discussions with the department and the former minister’s office. We note that such a statement in the amended EM would be considered as relevant extrinsic material by any court considering this matter. However, we remain concerned that the express intention of parliament is not being clearly stated in the bill itself, and we invite the Senate to consider that this is the opportunity to make that explicit intention clear in the bill, not simply in the explanatory memorandum. We would be interested in whether the officers present are able to advise the minister if the clarification statement in the explanatory memorandum
has the same effective outcome as the opposition amendment moved in the Senate. I note that, in the other place, the minister was asked to explicitly state whether that statement has exactly the same effect as the substantive amendments moved by the opposition. The minister could not, in that place, provide such an assurance.

I stress that, while technical and legal in nature, the concerns that have been raised by senators in this place go to fundamental issues of the powers of parliament to adequately scrutinise legislation which impacts on the entitlement of Australians to income support benefits. Taken as a whole, this bill will enshrine a much diminished set of options for student income support against a backdrop, as I have outlined, of a government record of unalloyed policy failure when it comes to income support for students—an area that is so vital to the success of so many students who are in genuine need of assistance. Other provisions in the bill attack, in the manner I have described, the role of the parliament as a fetter on untrammelled executive power. To the opposition these are unacceptable. I invite the minister to provide the assurance that was not provided in the other place as to whether the statement has exactly the same effect as the amendment moved by the opposition.

I also want to make the point that this is not, as I understand it, an issue about payment rates. The primary concern which we have outlined and which was referred to in the Bills Digest is that the provisions of the bill as it currently stands, notwithstanding the statement in the EM, has the potential to remove certainty from the obligation and the matching offence and removes parliamentary scrutiny with respect to the scope of the obligation. That is the crux of the concerns which have been raised by the opposition and, I understand, by Senator Stott Despoja on behalf of the Democrats.

Senator STOTT DESPOJA (South Australia) (4.46 pm)—To save time, I will address both the Labor and Democrat amendments. Obviously, in my second reading contribution I outlined some of our concerns. The Australian Democrats recognise and agree with the intent of the Labor Party amendment. I mentioned that we decided to draft it differently; Labor’s is not our preferred way. But I think we are both trying to ensure that the substance of the note inserted into the replacement explanatory memorandum is reflected in the legislation. I believe that our amendment, despite government criticisms, does that. We will be moving that amendment and asking the Senate to agree to it; in the interim we will support the Labor Party amendment as a next best try. But we recognise the view of the chamber.

In relation to the amendment that I will move, we believe the amendment clarifies the proposed subsection 48(2) in making sure that it does not include prescribed events as indicated. Again, this has been the subject of some discussion for a number of months now. Section 48 of the Student Assistance Act 1973 states:

If a prescribed event happens in relation to a person who is receiving, or entitled to receive, an amount under a financial supplement contract or a current special educational assistance scheme, the person must notify the Department, in accordance with the regulations, of the happening of the event within 14 days.

The proposed subsection should not allow changes to be made to prescribed events;
however, this is not clear in the legislation. With the amendment before the chamber and the Democrat amendment we are trying to reflect in the legislation the intention, as we understand it, outlined in the replacement memorandum, because currently it is just not clear. The two amendments, and in particular the amendment that I will be moving on behalf of the Democrats, make clear that prescribed events are not included in the proposed subsection. Thus, proposed subsection 48(2) does not:

... permit the creation, determination or variation of prescribed events by extrinsic materials. Prescribed events may only be determined expressly by the regulations.

We are ensuring that ‘notifying’ does not include prescribed events.

When the time comes I will move that amendment, but I will not seek to address it or that of the Labor Party again. I also wish to give senators notice that I will seek a division on the amendment of the Democrats. I suspect the Labor Party is doing the same thing. So we are giving the Senate due warning, depending on the outcome. You never know—we might get lucky. I am feeling lucky. Go on, Amanda, make my day!

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural Affairs) (4.49 pm)—I can fix that, Senator!

This is a technical area. Unless you were the world’s most knowledgeable person in this area you would have to agree that either side might have it wrong. But we are very strongly of the view that what Labor and the Democrats are both seeking to do—and it is clear what you are both seeking to do—you fail to do, because of a misreading of the legislation. What you would do is what I outlined in my remarks: you would require two sets of regulations—two different sets in each case, but nonetheless two. You would not achieve the aim that you are seeking to.

For, say, a bottle of good South Australian red, I will explain it to you—but not now—so that if the bill comes up again you will have the opportunity to get it right. And then the government might say yes. But you would not achieve what you are trying to with your proposed amendments. I am working on the best advice I have. We can see what you want to do, but you are not achieving it. You are doing something quite different. I have looked at this myself, and on one occasion I was able to see it and on another I had to say, ’Talk me through it again.’ It is a bit like the candle that you look at and sometimes you can see the two faces and other times you see the candle. I am prepared to go so far as to admit that the regulation is written in such a way that makes it inextricably difficult to amend and achieve what you want to achieve. On this occasion, you have not come up with the goods.

Senator WONG (South Australia) (4.51 pm)—Given that—and I thank the minister for her concession about the candle; I think it was a concession—

Senator Vanstone—Candlestick. It was a candlestick with two faces.

Senator WONG—Yes. I apologise for misquoting her. Will the minister give an undertaking that the power in proposed section 48(2) will not extend to the determination of prescribed events and extrinsic materials and that prescribed events may only be determined expressly in the regulations?

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural Affairs) (4.52 pm)—To be honest, I have not looked at the EM, but I am told that that is what it does. My advice is that that is the government’s intention, which is why we put it in the EM. So I should have answered your question, Senator Wong. You wanted me to get up and say, ‘I will guarantee that the commitment in the EM does not do the same,
in effect, as your amendment would.’ I think that is what you were asking.

Senator Wong—No.

Senator VANSTONE—Earlier. I did not answer that. I will give you an undertaking that, to the best of my knowledge, belief and understanding, you would not achieve the same thing. I also think, to the best of my knowledge, belief and understanding, that you want to achieve the same thing—but that is my point. We can see what you are trying to do, but you just have not done it.

Question put:

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

The committee divided. [4.57 pm]
(The Chairman—Senator JJ Hogg)

Ayes........... 32
Noes........... 36
Majority........ 4

AYES

Allison, L.F.  Bartlett, A.J.J.
Bishop, T.M.  Brown, B.J.
Brown, C.L.  Campbell, G.
Carr, K.J.  Crossin, P.M.
Evans, C.V.  Forshaw, M.G.
Hogg, J.J.  Hurley, A.
Hutchins, S.P.  Kirk, L. *
Lundy, K.A.  McEwen, A.
McLucas, J.E.  Milne, C.
Moore, C.  Murray, A.J.M.
Nettle, K.  O’Brien, K.W.K.
Polley, H.  Ray, R.F.
Sherry, N.J.  Siewert, R.
Stephens, U.  Sterle, G.
Stott Despoja, N.  Webber, R.
Wong, P.  Wortley, D.

NOES

Abetz, E.  Adams, J.
Barnett, G.  Bernardi, C.
Boswell, R.L.D.  Brandis, G.H.
Calvert, P.H.  Colbeck, R.
Coonan, H.L.  Eggleston, A.
Ellison, C.M.  Ferguson, A.B.
Ferris, J.M.  Fielding, S.
Fierravanti-Wells, Fifield, M.P.
Heffernan, W.  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.
Payne, M.A.  Ronaldson, M.
Santoro, S.  Scullion, N.G. *
Troeth, J.M.  Trood, R.
Vanstone, A.E.  Watson, J.O.W.

PAIRS

Conroy, S.M.  Chapman, H.G.P.
Faulkner, J.P.  Patterson, K.C.
Ludwig, J.W.  Mason, B.J.
Marshall, G.  Campbell, I.G.

* denotes teller

Question negatived.

Senator STOTT DESPOJA (South Australia) (5.01 pm)—I move Democrats amendment 1 on sheet 4851:

(1) Schedule 2, item 10, page 14 (line 16), after “Department”, insert “but not relating to prescribed events”.

Question put.

The committee divided. [5.06 pm]
(The Chairman—Senator JJ Hogg)

Ayes........... 31
Noes........... 35
Majority........ 4

AYES

Allison, L.F.  Bartlett, A.J.J.
Bishop, T.M.  Brown, B.J.
Brown, C.L.  Campbell, G. *
Carr, K.J.  Crossin, P.M.
Forshaw, M.G.  Hogg, J.J.
Hurley, A.  Hutchins, S.P.
Kirk, L.  Marshall, G.
McEwen, A.  McLucas, J.E.
Milne, C.  Moore, C.
Murray, A.J.M.  Nettle, K.
O’Brien, K.W.K.  Polley, H.
Ray, R.F.  Sherry, N.J.
Siewert, R.  Stephens, U.
Sterle, G.  Stott Despoja, N.
Wednesday, 10 May 2006

SUPERANNUATION LEGISLATION AMENDMENT (TRUSTEE BOARD AND OTHER MEASURES) BILL 2006

SUPERANNUATION LEGISLATION AMENDMENT BILL 2004

Second Reading

Debate resumed from 29 March 2006 and 2 December 2004 respectively on motions by Senators Minchin and Ellison:

That these bills be now read a second time.

Senator SHERRY (Tasmania) (5.11 pm)—Am I correct in understanding that we are dealing with these bills concurrently?

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—Yes.

Senator SHERRY—Thank you. Firstly, I will comment on the Superannuation Legislation Amendment (Trustee Board and Other Measures) Bill 2006. This is a bill to consolidate and revise the governance arrangements for the Commonwealth Superannuation Scheme, commonly known as CSS, the Public Sector Superannuation Scheme, PSS, and the Public Sector Superannuation Accumulation Plan, commonly known as PSSAP, with effect from 1 July 2006. The bill’s introduction is in response to the Review of the Corporate Governance of Statutory Authorities and Office Holders, commonly known as the Uhrig review, which reported in mid-2002.

The Uhrig review was appointed to review the governance practices of statutory authorities and office holders. Of particular interest to the review were those agencies which impact on the business community. The objective of the review was to identify issues in relation to existing governance arrangements and to provide policy options for government to gain the best from statutory authorities and office holders and their accountability framework. The review found the Financial Management and Accountability Act 1997...
should be applied to statutory authorities and recommended that these organisations should be governed by a CEO. The review also found the Commonwealth Authorities and Companies Act 1997 should be applied to statutory authorities and these organisations should be governed by a board. In general, agencies which exclusively manage Commonwealth appropriations should be represented and governed by a CEO, and a board structure is favoured if there is a strong commercial focus to the organisation or if the agency is intergovernmental.

The main recommendation of the Uhrig review was on the optimal size of a statutory authority board. The review recommended a public sector board size of between six and nine members. Currently, the boards overseeing the Commonwealth superannuation schemes are of different sizes: the CSS board has seven members, the PSS board has five members and the PSS board is responsible for the operation of the PSSAP. Following the release of the Uhrig report, the Department of Finance and Administration recommended that the PSS board be increased from five to seven and consideration be given to the establishment of a single board for the CSS, the PSS and PSSAP. So the proposed merger of the CSS and PSS boards has several advantages, including reducing complexity, simplifying administration and bringing the Commonwealth superannuation investments into line with best practice principles identified in the Uhrig review.

Concerns were raised in relation to the assets of the three schemes being joined together and managed as one trust, but the government has given assurances that despite the merger of the boards the management of the funds will continue as separate investment trust organisations. It is important that the investment management of the three schemes is separately managed as the profiles and the rates at which members of the varying schemes retire result in different needs for the different schemes. There has been consultation in respect of the members of the boards. In fact, I think that there is some overlapping membership of some members of the boards at the present time. It is good efficient management practice, in Labor’s view. The bill has no financial implications and we do not regard it as controversial, and Labor will support the change.

Turning now to the Superannuation Legislation Amendment Bill 2004, the purpose of the bill is to amend the Superannuation Act 1976—the CSS act—in respect of the Commonwealth Superannuation Scheme and the rules of the Public Sector Superannuation Scheme, the PSS, in relation to the superannuation salary for departmental secretaries and certain other statutory office holders who are members of the CSS and PSS. The bill was originally introduced into the House of Representatives on 11 August 2004 but lapsed when parliament was prorogued for the general election. The bill as reintroduced is substantially similar to the lapsed bill. However, it now extends all determinations made under the Remuneration Tribunal Act 1973.

A condition of employment for the majority of employees of the Commonwealth government is membership of the Commonwealth superannuation schemes. Employees of the Commonwealth other than Defence Force personnel are either members of the CSS—closed to new members from 1 July 1990—or the PSS. The defined benefit at least is closed to new members. These schemes are generous to their members by community standards. They are defined benefit by formula as part of the PSS trust deed and the relevant legislation governing the CSS. The formulas are dependent on the length of service of members, a salary component for the CSS final salary, and for the PSS, final average salary based on the aver-
age of their salary at the three previous birthdays and the reason for ceasing their Commonwealth employment—for example, retirement, resignation, involuntary redundancy or invalidity.

Generally for the CSS the annual rate of salary used to calculate a member’s benefit is defined in subsection 5(2) of the Superannuation Act 1976. The annual rate of salary is used to determine the contributions made to the CSS by members and some of the types of benefits a member is entitled to, including when they retire from the workforce. Subsection 5(1) in the 1976 act defines salary for the definition of annual rate of salary as:

... salary means salary or wages and includes any allowance, or the value of any allowance, or any fee, that is an allowance or fee of a kind that, under the regulations, is to be treated as salary for the purposes of this Act, but does not include any part of any salary or wages that, under the regulations, is not to be treated as salary for the purposes of this Act.

For the PSS a member’s benefit is determined in accordance with the PSS rules. A member’s average salary is calculated using a member’s basic salary and recognised allowances. Both schemes—the CSS and the PSS—allow the superannuation salary for some Australian government office holders to be determined by the Remuneration Tribunal. The purpose of this bill is to provide the superannuation salary and the use of the remuneration of secretaries and certain Australian government office holders as made by determinations of ministers and presiding officers of the parliamentary departments. Labor does not regard this bill as controversial and it also has our support.

Senator MURRAY (Western Australia) (5.19 pm)—Before I commence my remarks on the Superannuation Legislation Amendment (Trustee Board and Other Measures) Bill 2006 and the Superannuation Legislation Amendment Bill 2004, which are being dealt with cognately here, I do want to ask the Senate to accept the withdrawal of amendment 4425 circulated under former Senator Greig’s name many months ago. I do not know whether that is necessary—

The ACTING DEPUTY PRESIDENT (Senator Lightfoot)—It is not necessary, Senator Murray, thank you.

Senator MURRAY—Thank you. The Superannuation Legislation Amendment (Trustee Board and Other Measures) Bill 2006 contains two schedules which implement a number of recommendations of the Review of corporate governance of statutory authorities and office holders, otherwise known as the Uhrig report. Specifically, the intent behind this bill is to consolidate the governance arrangements for civilian public sector employee superannuation schemes. This includes funds managed through the Commonwealth Superannuation Scheme and controlled by the CSS board, funds managed through the Public Sector Superannuation Scheme and controlled by the PSS board and funds managed through the Public Sector Accumulation Plan that is also controlled by the PSS board. As the Bills Digest correctly says in its concluding comments:

The main provisions of the bill will lead to streamlined administration of the Commonwealth’s civilian superannuation schemes. As the intention of the bill is for these schemes’ assets to continue to be managed separately, in the light of the unique characteristics of each scheme, there will be little impact upon the members’ account balances.

The bill proposes abolishing the CSS board and incorporating the trusteeship of the CSS into the PSS board, which also governs the PSSAP, and renaming the single entity as the Australian Reward Investment Alliance. Additionally, the bill proposes increasing the number of directors on the PSS board by two to seven, with the two new positions to be filled by the remaining two CSS board mem-
bers not already represented on the PSS board.

As I have stated, the provisions in this bill are in response to the recommendations of the Uhrig report, which, among other things, recommended increasing the number of directors on public boards to between six and nine members and the establishment of a single board for the CSS, PSS and PSSAP. These proposals require a number of changes to legislation, consequential and otherwise, including amendments to the Superannuation Acts 1976, 1990 and 2005 and amendments to the Superannuation Legislation Amendment (Superannuation Safety and Other Measures) Bill 2005.

The amendments contained in this bill should be supported as a step in the right direction towards better governance standards. However, the step can also be described as a shuffle, for in reality these changes do little more than streamline some of the bureaucratic structures seen throughout the civil service, rather than implement new, improved or innovative changes in corporate governance. While I agree that a single board should rightly oversee the activities of the CSS, PSS and PSSAP, to all intents and purposes this is already the case, since all five members of the CSS board are also members of the PSS and PSSAP boards. Moreover, all three funds also share the same chief executive officer. In fact, the only discernible difference is that the CSS board has an additional two members, and this bill proposes that those two members be included in the unitary board for all three funds. Thus, a more accurate description of the government’s proposed advancement of governance ideals is the inclusion of an additional two board members on the PSS board—a provision already in place for the CSS board. Is that an achievement? I suppose it is.

Will this change make any material difference to the present governance of the three funds? I doubt it. The Democrats and I have long sought to implement real and effective change in the governance principles for public boards. One such example is my proposal for specific principles and criteria for appointments to public boards, authorities and agencies. In stark contrast to the government’s, these proposals are examples of tangible governance improvements. They address pressing issues of independence and appointments on merit and, if implemented, they would undoubtedly improve the governance standards of public boards as they currently exist.

An area that this bill does address is a streamlining of the two governance boards. On this basis there are obvious efficiency gains, since both boards share the same membership but have separate costs. I wonder, though, how this new single board structure will manage the legal discrepancies and inconsistencies that currently exist between each fund. One such inconsistency is the varied treatment of same-sex partnership rights and obligations for each fund. Will board members be able to put their PSSAP hat on and say, ‘Hold on; that’s sexual discrimination,’ and then put their CSS or PSS hat on and say, ‘Homosexuals shouldn’t receive the same superannuation rights as heterosexuals’? Discrepancies such as this do exist between each fund. For example, consider the ridiculous state of affairs that exists for public sector employees who are members of the PSSAP. According to correspondence received from Senator Minchin, all new employees who commenced employment on or after 1 July 2005 who are members of the scheme and who are in a same-sex partnership may be entitled to death benefits—that is, no retrospective application exists for the PSSAP. Likewise, these rules also do not apply to CSS and PSS members.
For a minister who is lauding his and his government’s efforts in addressing inconsistencies within these three funds, the situation remains a farcical one. To withhold retrospective and comprehensive application of interdependency relationship rights to all public sector employees is by definition discriminatory. In effect, the minister is asserting that the only legitimate interdependent relationships that exist are those of new members who began employment on or after 1 July 2005. For all other same-sex partners the partnership arrangement remains illegitimate from a superannuation point of view. There is no ethical, legal or financial reason why one group of public sector employees should be treated differently from another on the basis of differing partnership arrangements under differing superannuation arrangements. This is the stimulus for the amendment to the bill that I will move later—to yet again seek to rectify a gross inequality that the government has previously committed itself to address.

For several years now, the Democrats have sought often—but not always in vain, I should acknowledge—to amend superannuation legislation to harmonise the treatment of the variety of partnerships and relationships that exist in Australia. On this point the Prime Minister apparently agrees with us. He recently stated:

... I am strongly in favour—as my Government has demonstrated—strongly in favour of removing any property and other discrimination that exists against people who have same-sex relationships.

Why, then, does the Minister for Finance and Administration, Senator Minchin, still fail to correct the disparities which exist? Why do we have a situation whereby some public sector employees in same-sex relationships benefit from the rights accorded to them by this government, through the acknowledgment of an interdependency relationship, while others are not yet afforded this right? I know this is a matter which concerns many members of the coalition. I put it to Senator Minchin and the government once again, for the record, that they need to act to rectify the inconsistent treatment of superannuation for interdependent partnerships.

One final issue I will be seeking clarification from the minister on is that there is no intention by the government to streamline the funds under management in line with a single board structure. In making that remark I must comment favourably on the very cooperative and helpful stance adopted by the minister, through his office and his advisers. That is an extremely important issue for members of the PSS and PSSAP funds, since the CSS is a closed defined benefit fund and pooling the trust assets under management by the single board could in effect lead to a dilution of equity away from PSS and PSSAP members to CSS members. I support the proposed legislative changes contained within the bill but I will be moving amendments which I hope the government will see its way to support. All Australians, not just heterosexual Australians, deserve the peace of mind of knowing that their hard-earned retirement savings are being managed on a consistent and common basis within a secure superannuation system.

The Superannuation Legislation Amendment Bill 2004, the second bill we are considering here, amends the Superannuation Act 1976, which addresses the provisions for superannuation salary for secretaries of departments and certain persons who are appointed to Australian government offices and are members of either the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The bill contains two schedules. Schedule 1 more accurately defines salary for superannuation purposes. It also extends the authority to determine superannuation benefits for secretaries and
other office holders—currently an authority held only by the Remuneration Tribunal—to ministers and presiding officers of parliamentary departments. Schedule 2 amends the administrative rules of the PSS to allow for schedule 1.

This bill clearly defines salary for the purposes of ascertaining applicable superannuation benefits. This is important to avoid a potential windfall in favour of an individual, which was not the original intent of the legislation. By providing legal authority it also protects recipients against challenges to the validity of such payments, including payments and arrangements informally made in the past. The bill does not increase public servants’ remuneration, nor does it decrease the entitlements of office holders, but it does increase the power of ministers and presiding officers of parliamentary departments, we think in an appropriate manner.

There is another matter that pertains to superannuation that I would like to raise today. In a Perth Sunday Times article on 30 April 2006, senior radio, TV and press journalist, Liam Bartlett, wrote an article entitled ‘Shame—it’s not super news for all’. He wrote that last year alone the Australian Taxation Office raised no less than $270 million from employers who had, for one reason or another, failed to cough up their workers’ proper superannuation entitlements. Mr Bartlett gave some specific examples. No doubt he also had in his mind the saga of a former Western Australian Labor minister who has been the subject of recent media comment for allegedly failing to pay superannuation on time to workers in his business.

Mr Bartlett identified a number of problems. Firstly, that the ATO admits to limited resources for chasing nonpayments; secondly, that the ATO admits that getting the number of complaints through the system takes at least three months to process; and, thirdly, the ATO admits employers simply stonewall their efforts. Liam Bartlett was rightly enraged and rightly suspects that the number of rogue, crooked and opportunistic employers either not paying or underpaying workers’ superannuation entitlements is very high. It is theft—nothing more and nothing less. These crooks are probably the same wonderful business men and women who the government thinks will deal with their employees fairly when it comes to hiring and firing. This is not just a problem for workers; it is also a problem for future taxpayers and future governments, because every dollar of superannuation guarantee that is not paid or is underpaid is a dollar that taxpayers will later have to pay to help look after those workers in their old age.

Most Australians would be shocked to learn that their superannuation guarantee payments, compulsory payments that must be paid by an employer to an employee’s nominated superannuation fund, are threatened by a lack of supervision and auditing by government agencies. More shocking still will be the news that this can occur so simply and that it could indeed be widespread. We simply do not know the scale of the problem, because auditing in this area is so poor.

In his article, Mr Liam Bartlett made two proposals: to include the declaration of an employer’s payment of their superannuation guarantee payments in their quarterly business activity statement and to reintroduce the quarterly employers advice to their individual employees regarding an employer’s superannuation guarantee payments made on behalf of that employee. The key question is whether the adoption of either or both of these proposals would raise the level of employers’ compliance with their obligation to make the relevant superannuation guarantee payments.
Taxpayers who are registered for the goods and services tax must report their periodic tax obligations and entitlements to the ATO on a single tax compliance form, known as the business activity statement or BAS. There is a separate form, an instalment activity statement, for taxpayers who are not registered for the GST. The following obligations and entitlements are reported on the BAS: GST; wine equalisation tax; luxury car tax; PAYG amounts withheld from payment; PAYG instalments; FBT, fringe benefits tax, instalments; and deferred company instalments. Would the inclusion of superannuation guarantee payments on the BAS ensure that these payments are made?

It would be a relatively simple matter for the BAS to include the obligation to report all superannuation guarantee payments made. However, such an obligation most likely could not separately identify the particular guarantee payments made in respect of individuals or the obligations incurred in respect of those individuals. Further, the arrangements for ensuring compliance with the reporting obligations for the BAS appear to be relatively light compared with the existing penalties on an employer, where the ATO actually enforces those rules, for not meeting their superannuation guarantee payments. So, again—as is frequently the case in Australia—the problem is not the penalty; it is the detection and enforcement of the matter concerned.

The requirement for an employer to pay superannuation guarantee payments on behalf of employees arises under the Superannuation Guarantee (Administration) Act 1992. If the employer does not make the required guarantee payments on behalf of the employees by the due date—which is 28 days after the end of the relevant calendar year quarter—they are liable to pay the charge. That charge is made up of several components. There is an administration fee of $20 for each employee for whom there has been an underpayment or late payment of contributions plus nine per cent of the salary and wages of each employee for whom an underpayment or late payment is made. Actual salary and wages are the basis of the calculation of the penalty, rather than the generally lower ordinary time earnings or notional earnings base normally used as the basis for calculating the employer’s guarantee obligations. There is also a 10 per cent per annum interest rate calculated from the start of the relevant quarter, rather than from the date the contribution should have been made. The above penalties are not tax deductible to the employer, whereas the superannuation contributions made on or before the due date would have been. The first three penalties, individually known as the superannuation guarantee shortfalls, are automatic and apply even if the contributions are made shortly after the due date. Together with penalties for not keeping proper records, the first three of the penalties listed above make up the charge.

I have spent some time outlining that to indicate that the penalties are strict and powerful, but the auditing and enforcement are not. It is the self-assessment nature of an employer’s compliance with the superannuation guarantee scheme that is its essential weakness. An employer’s noncompliance may well be discovered if that employer is subject to an ATO audit. However, such audits are infrequent and unlikely and therefore many employers decide that the risk of facing the above penalties for noncompliance with their superannuation guarantee obligations is small and the financial benefit of such noncompliance is great. So the problem is audit and enforcement.

The obligation of employers to report to employees on the amount of their superannuation guarantee contributions was contained in section 23A of the SGAA. The pro-
vision was inserted into that act by the Taxation Laws Amendment (Superannuation) Act 2002 and became effective on 1 July 2003. It was removed by the Tax Laws Amendment (Superannuation Reporting) Act 2004. The Association of Superannuation Funds of Australia strongly opposed that repeal; the Investment and Financial Services Association also believed Australians should know where their super is paid and be in control of that process; the Australian Consumers Association was concerned about the reduction of the flow of information to the employee; and the Australian Institute of Superannuation Trustees considered the proposed removal of the reporting requirement to be regrettable and retrograde.

The main argument against the repeal of section 23A of the SGAA was that it lessens the flow of timely information to members and thereby reduces the opportunity for appropriate action to enforce compliance with the requirements of that act by the member or the ATO. Further, it is argued that this reduced flow of information will increase public disengagement from superannuation and lead to a greater amount of superannuation being placed in the lost category, especially for casual employees.

Mr Bartlett’s article noted that the ATO was aware of 12,000 official complaints regarding unpaid superannuation contributions. A case study featured in the article highlighted the length of time and apparent ineffectiveness of the ATO’s activity in following up these complaints. Any restoration of quarterly reporting by employers to employees of superannuation contributions made on their behalf would only increase the number of outstanding complaints. Of itself, this would not achieve higher employer compliance with their superannuation obligations. This would only come about if the ATO were given additional resources to follow up the increasing number of outstanding complaints about unpaid superannuation contributions and if it were given the additional resources to do the audit and enforcement that are necessary. If the coalition really had the interests of the battlers in mind, that would have been announced in the budget yesterday, and it was not. I think that is regrettable. But it is a matter the coalition can address and it is a matter they can deal with.

The situation arises because of the voluntary nature of reporting superannuation guarantee payment errors or deliberate underpayment or nonpayment and the fact that it is very hard to chase these up and to find out about them. The government must do something to secure the superannuation rights of employees. In my opinion, section 23A of the Superannuation Guarantee (Administration) Act 1992, which was abolished on 1 July 2005, should be reinstated and there should be regulation forcing employers to report their superannuation payments to the ATO. But if the government does not want to do that, it should investigate a bounty system whereby the super funds would be licensed to audit employer contributions where there is a suspected breach and be paid a bounty for every crooked employer caught out. The government must act and must find a means to ensure that the superannuation entitlements of Australians are properly paid on time by all employers.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (5.38 pm)—The Superannuation Legislation Amendment (Trustee Board and Other Measures) Bill 2006 will consolidate and revise the government’s arrangements for the superannuation schemes for Australian government employees with effect from 1 July 2006. From that date, the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and the Public Sector Superannuation Accumulation Plan will be managed
by a single board, to be named the Australian Reward Investment Alliance. This will replace the governance arrangements where the CSS board manages the Commonwealth Superannuation Scheme, while the smaller PSS board manages both the Public Sector Superannuation Scheme and the Public Sector Superannuation Accumulation Plan. 

The consolidation of the governance arrangements for these schemes is consistent with the governance principles of the review of the corporate governance of statutory authorities and officeholders that was undertaken by Mr John Uhrig AC. This includes providing that the Australian Reward Investment Alliance will comprise seven members, consistent with the Uhrig principle that boards should comprise between six and nine members. The consolidation of the governance arrangements for the three schemes under one board will provide significant opportunities for efficiencies in the management of the schemes. It will also offer an opportunity for the new board to adopt one investment mechanism for the ongoing management and investment of the three funds. This is particularly significant for the Commonwealth Superannuation Scheme, which has been closed to new members since 1990 and has a decreasing contribution base.

The changes to be made by the bill are supported by the CSS and PSS boards because the changes will allow for more effective administration of the three schemes and the investment of their funds. This will strengthen their ability to focus on the needs of the members of the schemes. Senator Murray raised the matter of funds under management for the three schemes. I should point out that the responsibility for the management of the funds under these schemes lies with the trustee board, not the government. However, I can confirm that separate funds will be maintained for the three schemes.

The Superannuation Legislation Amendment Bill 2004 proposes amendments to the Superannuation Act 1976 in respect of the Commonwealth Superannuation Scheme, the CSS, and rules for the administration of the Public Sector Superannuation Scheme, the PSS. The purpose of the bill is to make specific provision for the superannuation salary of departmental secretaries and certain Australian government officeholders who are members of the CSS or the PSS. For most scheme members, superannuation salary is provided for in the rules of the relevant superannuation scheme, although where the Remuneration Tribunal determines an officeholder’s remuneration it is also authorised to determine superannuation salary.

The amendments included in the bill are designed to allow superannuation salary to be set in a broader range of determinations made by ministers and the Presiding Officers of the Senate and the House of Representatives, as well as all determinations made under the Remuneration Tribunal Act 1973. The bill also validates some past determinations of superannuation salary that were not authorised by the scheme rules when made, while also ensuring that no benefit that has been paid or is continuing to be paid will be reduced because of the amendments in the bill. I commend the bills to the Senate.

Question agreed to.

Bills read a second time.

In Committee

SUPERANNUATION LEGISLATION AMENDMENT (TRUSTEE BOARD AND OTHER MEASURES) BILL 2006

Bill—by leave—taken as a whole.

Senator MURRAY (Western Australia) (5.43 pm)—I move Democrat amendment (1) on sheet 4903:

(1) Schedule 1, page 3 (after line 16), after item 4, insert:
4A  Subsection 3(1) (after the definition of SIS Act)

Insert:

spouse, in relation to a person:

(a) includes another person who, although not legally married to the person, lives with the person on a bona fide domestic basis as the husband or wife of the person; and

(b) includes a person in an interdependency relationship as defined in section 27AAB of the Income Tax Assessment Act 1936.

Although this exists in one tranche of legislation that we have—namely, the Income Tax Assessment Act—the same definition does not exist in what is known as the SIS(S) Act. The government has clearly indicated both to the Senate and elsewhere that it is minded to reduce or remove—and mostly remove, I think, is in the frame—discriminatory circumstances with respect to superannuation assets. The government has given that commitment.

In my speech in the second reading debate I outlined a commitment of the Prime Minister, given in a radio interview, regarding the issue of removing any property discrimination and other discrimination that exists against people who have same-sex relationships. I must point out that the amendment I have moved does not deal with just same-sex relationships; it deals with interdependency generally. Nevertheless, the government has not yet fulfilled its commitment with respect to these various matters, so it is my party’s intention and my intention to keep moving these amendments until the matter is resolved by government, either by amendments of their own or by acceptance of a definition which is already in effect elsewhere. The participants in this debate are well aware of this issue and have discussed it before so I do not think I need to go into much more motivation unless I am asked to, and I move the amendment accordingly.

Senator SHERRY (Tasmania) (5.46 pm)—The Labor Party will be supporting this amendment. I do not know whether Senator Murray was present at the last estimates round when I actually asked, in some detail, what the government was doing with respect to the commitment of the previous Assistant Treasurer, Senator Coonan, and also, I understand, of the Prime Minister. Senator Minchin, the Minister for Finance and Administration, and departmental officers took the questions. What concerns me is that the previous Assistant Treasurer, Senator Coonan, gave an ironclad commitment. It has not been delivered.

I do not want to be too harshly critical of the Democrats, but I did warn them at the time when they signed up to the deal on choice of superannuation fund. Senator Murray, I recall that signing up to that was conditional on the government delivering on the removal of the discrimination against same-sex couples. Then the government announced, ‘Yes, we accept the removal of discrimination in respect of same-sex couples,’ and used the term ‘interdependent’, which actually includes a broader range of individuals. But the government has not delivered. Senator Murray, I think we are now two years on from that.

Senator Murray—Yes.

Senator SHERRY—It is just about two years ago, and the government still drags its heels on a written commitment given by the previous Assistant Treasurer, Senator Coonan.

Senator Murray—On behalf of the government.

Senator SHERRY—You are right—on behalf of the government. What really concerned me at the Senate estimates hearings was that Senator Minchin denied that a
commitment had been given. That was very disturbing. What we also found out at Senate estimates in February was that the government is awaiting a report from an actuarial firm—I am not sure which actuarial firm; the name does not come to mind—on the implications of the implementation of this with respect to the defined benefit funds that we are talking about here today. That is fine; I can understand them doing that. But what I cannot understand is the backsliding by Senator Minchin and the parliamentary secretary. Senator Minchin knows my views, because I reminded him about this at Senate estimates. Labor supports the amendment. It is what the government promised and has failed to deliver on over the last two years.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (5.48 pm)—The government has indicated that the issue of extending eligibility for death benefits in these schemes to persons in an interdependency relationship with a scheme member is being examined. However, because of the design of these schemes, a number of technical matters and also budgetary considerations need to be fully examined before any decision could be made. The issue of eligibility for death benefits is not a matter for consideration in this bill as this bill deals with an unrelated matter: the establishment of a single trustee board for the CSS, the PSS and the PSSAP. In that circumstance, the government will not be supporting the proposed amendment.

The government is committed to providing all Australian government employees with equitable and flexible superannuation arrangements and has introduced the Public Sector Superannuation Accumulation Plan to provide a fully funded accumulation scheme for new employees. Through the PSSAP the government provides for death benefits to be available to the dependant of a scheme member, which can include a person in an interdependency relationship. Members can also nominate a dependant, dependants or a legal personal representative to receive those benefits.

The PSSAP applies to new Australian government employees who commenced employment on or after 1 July 2005. Most Australian superannuation schemes are accumulation schemes, like the PSSAP, which can be readily adapted to pay death benefits to people in an interdependency relationship with no cost to the scheme. However, the CSS and the PSS are closed defined benefit schemes. They are more complex and have very prescriptive rules to determine eligibility for death benefits.

Unlike accumulation funds, benefits in the CSS and the PSS are unfunded. This means that benefits in the CSS and the PSS are funded by the government from the budget when they become payable rather than as they accrue, such as in accumulation funds. Unlike accumulation funds, benefits in the CSS and the PSS are usually provided in pension form to eligible spouses and children and are payable for life in the case of a spouse. Extending eligibility for death benefits from the CSS and the PSS to people in an interdependency relationship is likely to increase scheme costs and the government’s unfunded liabilities because these changes may mean that some people would qualify for a lifetime pension which they would not otherwise be entitled to receive. This could obviously have a significant impact on the budget.

Question negatived.

Senator MURRAY (Western Australia) (5.51 pm)—I must say before moving the next amendment that I would appreciate it if in due course the minister could advise both the shadow minister for the opposition and my own party when the likely date for completion of the review that the minister is con-
ducting would be so that we do not carry on chasing our tails about when these things are to occur. I move:

(2) Schedule 1, page 10 (after line 4), after item 59, insert:

59A Subclause 4(1) of the Schedule
Omit “shall”, substitute, “, subject to clause 4A, must”.

59B After clause 4 of the Schedule
Insert:

4A Procedures for merit selection of appointments
(1) The Minister must by writing determine a code of practice, for selecting a person to be appointed by the Commonwealth or a Minister to a position under this Act, that sets out general principles on which the selections are to be made, including but not limited to:

(a) merit; and

(b) independent scrutiny of appointments; and

(c) probity; and

(d) openness and transparency.

(2) After determining a code of practice under subsection (1), the Minister must publish the code in the Gazette.

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

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

(5) A code of practice determined under subsection (1) is a legislative instrument for the purposes of the Legislative Instruments Act 2003.

This amendment concerns appointments on merit with respect to this legislation. As you know, Mr Chairman, it is an amendment that we have frequently moved and therefore I do not intend to recapitulate the arguments. People are well aware of them. I simply move the amendment. I think it is appropriate that it apply to appointments made under this legislation.

Senator SHERRY (Tasmania) (5.53 pm)—Labor will not be supporting this amendment. I want to draw a distinction on representative trustees in a superannuation fund. My understanding is that there is no change to the representative nature of the trustees on this new board. In the case of superannuation trustees, I think it is fundamentally different. We have representative trustees, and I know there is selection of a small number of them. I think that, in the case of superannuation trustees, representative employee/employer appointments is an appropriate model. I have always strongly believed that, Senator Murray. With respect to superannuation fund trustees, I draw a distinction between that particular representative body and the representative bodies of other government organisations. So on this occasion I will not be supporting the amendment.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (5.54 pm)—The government, likewise, will not be supporting the amendment. The board provided for in this bill will be the trustee for three regulated superannuation funds. It is therefore already subject to the governance arrangements for superannuation schemes provided by the Superannuation Industry (Supervision) Act 1993. That act provides that trustees of regulated superannuation funds will need to be licensed with the Australian Prudential Regulation Authority by 1 July 2006. To be granted this licence, trustees have to meet the fit and proper operating standard determined under the SI(S) Act. The fit and proper standard is designed to ensure that the interests of the superannuation scheme members are managed and overseen competently by honest and trustworthy individuals.
Question negatived.
Bill agreed to.
SUPERANNUATION LEGISLATION
AMENDMENT BILL 2004
Bill—by leave—taken as a whole.
Bill agreed to.
Bills reported without amendment; report adopted.

Third Reading
Senator COLBECK (Tasmania—
Parliamentary Secretary to the Minister for
Finance and Administration) (5.56 pm)—I
move:
That these bills be now read a third time.
Question agreed to.
Bills read a third time.

MARITIME TRANSPORT AND
OFFSHORE FACILITIES SECURITY
AMENDMENT (MARITIME SECURITY
GUARDS AND OTHER MEASURES)
BILL 2005 [2006]
Second Reading
Debate resumed from 23 June 2005, on
motion by Senator Patterson:
That this bill be now read a second time.
(Quorum formed)
Senator O'BRIEN (Tasmania) (6.00
pm)—The Maritime Transport and Offshore
Facilities Security Amendment (Maritime
Security Guards and Other Measures) Bill
2005 [2006] amends the Maritime Transport
and Offshore Facilities Security Act 2003 to
clarify and define the role of maritime secu-
ritv guards. This bill gives maritime security
guards additional powers necessary for im-
proving the security regime on and around
vessels and ports. This includes, firstly, em-
powering a maritime security guard—

Government senators interjecting—

The ACTING DEPUTY PRESIDENT
(Senator Murray)—Order! Sorry, Senator
O'Brien. Senators, would you please either
resume your seats or move outside to con-
verse.

Senator O'BRIEN—As I was saying,
firstly, the bill empowers a maritime security
guard to request that a person found within a
maritime security zone provide identification
and a reason for being in the zone. Secondly,
it empowers a maritime security guard to
request that an unauthorised person in a
maritime security zone move out of that zone
and, if that request is not complied with, to
remove the person from the zone. Thirdly, it
empowers a maritime security guard to re-
move or have removed unauthorised vehicles
and vessels found in maritime security zones.
The Australian Labor Party supports this bill.
It is important that the exercise of these
powers, however, is balanced with safe-
guards. Accordingly, the bill requires mari-
time security guards to identify themselves
when confronting a person to exercise their
authority. They must advise the person of
their authority and tell the person that non-
compliance is an offence. When removing a
person from a maritime security zone, a
maritime security guard may not use greater
force or subject the person to greater indig-
nity than is necessary and, in removing a
vehicle or vessel, a guard must not cause
unreasonable damage and must notify the
owner.

The operation of this bill relies upon regu-
lations. Typically, the government did not
provide draft regulations to the Senate Rural
and Regional Affairs and Transport Legisla-
tion Committee for its consideration when it
examined this bill. As I have noted before,
this has been an ongoing issue with legisla-
tion before this committee. It is unreasonable
to expect the Australian parliament to pass
important legislation with no reference to
regulations. It was therefore difficult for the
committee to assess legislation in isolation
from the regulations. For example, regula-
tions will be critical to the removal, storage and disposal of vehicles and vessels from maritime security zones. These regulations need to be developed in consultation with industry, with unions and with state governments. The successful day-to-day work of maritime security guards will be heavily influenced by the standard of training they undertake. Evidence presented to the Senate committee suggests that the current mandatory qualification level for maritime security guards is not sufficient. The qualification standard and training regime should be developed as a matter of priority in consultation with industry, unions and state governments, and should allow for portability of qualifications between jurisdictions.

While Labor welcome this bill, we remain critical of the Howard government’s failure to adequately address the issue of maritime security. Hundreds of thousands of apparently empty cargo containers are shipped into Australian ports without being screened and in some cases, as is the case in Sydney, stored adjacent to a major international airport. What is worse, 90 per cent of containers are still not X-rayed or inspected. The careless and widespread use of single and continuing voyage permits with foreign vessels and foreign crew who do not undergo appropriate security checks is also a huge problem. The use of these permits becomes more serious when foreign flag of convenience ships carry dangerous goods in Australian waters. These crews do not have their crew security vetted.

I asked a question of the Minister for Transport and Regional Services on 27 February this year about the foreign vessels which are granted permits under Australian laws for single and continuing voyage purposes. I asked which of those ships carry ammonium nitrate, and I was given the information that one of the ships in the period I requested since 1 September last year carried ammonium nitrate but that it was too hard—or perhaps the department might not even have the information, from all I can tell from the answer—to identify which ships were carrying high-consequence dangerous goods, as identified in UN model regulations. The minister believed it was too hard to supply that information. If the information is not clearly available, one wonders how our maritime security task can be adequately conducted, with vessels carrying crews who are not properly security checked visiting our ports in circumstances where perhaps the nature of the cargo is not fully known. Certainly, if the government is not prepared to supply that to the parliament, how can the parliament know the nature of the problem that we are trying to remedy with the legislation the government is putting before the parliament?

I make the point that if we are to properly assess the government’s legislation then the government should be prepared to properly answer questions put to the executive about the nature of the cargoes carried in these foreign vessels with crews that are not properly security checked, so we can understand the nature of the problem. Because of the nature of the checks on foreign crews—and I understand that 200,000 foreign seamen come into Australian ports each year—it is a major problem, and the Howard government does appear to be lax in this area.

In September last year I joined Labor’s homeland security spokesperson, Mr Arch Bevis, in putting the spotlight on a particular flag of convenience vessel, the Thor Hawk, which travelled between Newcastle and Gladstone carrying more than 1,000 tonnes of ammonium nitrate. Ammonium nitrate has been the explosive of choice for some terrorists. It was clear that the minister for transport had no idea that this unsafe foreign ship had been in Australian waters carrying such a dangerous cargo. The government was
forced to acknowledge that its background checking of the crews is done simply by checking the names of the crew supplied to the government by the ship’s master. But the Howard government has no way of being sure that the names provided match the real identities of the crew members concerned on the ships coming into Australian ports.

In the case of this voyage of the Thor Hawk, the threat to the Australian people was more from the unseaworthy state of the vessel and ineffective inspection by the minister’s department than from terrorist intent. When the potentially explosive ammonium nitrate was being loaded in Newcastle, the crane broke and this volatile cargo fell into the ship’s hatch and, by the nature of the fall, endangered the lives of seamen working on the vessel. This is despite the fact that the vessel was inspected three times by the Australian Maritime Safety Authority during its presence in Australia. No action was taken until the ship arrived in its last Australian port. It will not always be the case that unseaworthiness is the main danger. A dedicated single national security command structure under a homeland security department is long overdue. Despite the government’s endless talk, in its arrogance it continues to resist the adoption of best practice in national security reform.

What should the parliament do in these circumstances? Labor believes that the Senate should condemn the government for its failure to provide necessary maritime security and protect Australians, including:

(a) its careless and widespread use of single and continuing voyage permits for foreign vessels with foreign crew who do not undergo appropriate security checks;
(b) permitting foreign flag of convenience ships to carry dangerous goods on coastal shipping routes; and
(c) failing to:
   (i) ensure ships provide details of crew and cargo 48 hours before arrival,
   (ii) x-ray or inspect 90 per cent of containers,
   (iii) establish and properly fund an Australian coastguard, and
   (iv) establish a Department of Homeland Security to better coordinate security in Australia".

Senator KEMP (Victoria—Minister for the Arts and Sport) (6.10 pm)—Perhaps it will assist if I sum up the second reading debate on the Maritime Transport and Offshore Facilities Security Amendment (Maritime Security Guards and Other Measures) Bill 2005 [2006]. I think a number of senators have followed this debate very closely. As senators know, the bill strengthens the maritime transport and offshore arrangements and empowers maritime security guards to respond to unauthorised incursions into maritime security zones by persons, vehicles or vessels. It authorises maritime security guards to seek information from persons found in maritime security zones, while placing safeguards on the exercise of these information-seeking powers. It provides an
appropriate offence regime to encourage compliance with maritime security guards' requests and also provides new arrangements for directing a regulated Australian ship to operate at a higher security level when it is in waters identified as at higher risk.

The need for additional powers for maritime security guards to move unauthorised persons, vehicles and vessels from maritime security zones was identified during the comprehensive assessment of Australia’s maritime security policy settings by the Secretaries Committee on National Security last year, which involved key industry leaders. Further consultation, as senators would know, was undertaken by the Department of Transport and Regional Services with the maritime industry, security companies, state and territory police, maritime unions and relevant Australian government agencies. This helped refine and strengthen the framework for the move-on power.

The Senate Rural and Regional Affairs and Transport Legislation Committee has conducted an inquiry into the bill, accepted the need for the bill and recommended that it be passed. The government has noted the comments by Labor and Greens senators that draft regulations were not provided to the committee. In relation to that, let me say that the regulations are currently being developed in consultation with the maritime industry, unions and security guard providers.

The government looks forward to the passage of this bill within the current sitting period of the parliament. This will enable the maritime industry to draw upon these new powers as soon as possible to enhance the safeguarding of Australian ports and ships. It is in everyone’s interest that we ensure the speedy passage of this bill. I commend the bill to the Senate.

Question negatived.
Original question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

(Quorum formed)

CIVIL AVIATION LEGISLATION AMENDMENT (MUTUAL RECOGNITION WITH NEW ZEALAND) BILL 2005 [2006]

Second Reading

Debate resumed from 23 June 2005, on motion by Senator Patterson:

That this bill be now read a second time.

Senator O’BRIEN (Tasmania) (6.17 pm)—Thank you, Mr Acting Deputy President Murray. You would have noted that after the consideration of the last bill I departed not knowing that the Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Bill 2005 [2006] was to come on next, because it is not even on the red today. I arrived back at my office to find that we are now to deal with a piece of legislation that the government had not thought a priority when the red was constructed this morning.

Senator Ian Macdonald—Why would you be surprised?

Senator O’BRIEN—I will take that interjection from the senator even though he is not sitting in his place. I would not be surprised that the government does not know what it is doing from time to time. I would not be surprised that the Manager of Government Business has got things so wrong that we are dealing with a bill that was not on the red. The difficulty is, apparently, that there is nothing else that the government wishes to do. So we are dealing with the Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Bill 2005 [2006], which is a bill that the Labor
Party does not support and will not be giving its support to in this chamber.

We oppose the introduction of a new aviation regulatory regime in the absence of an assessment of the likely safety and economic outcomes. This is a foolhardy measure that may have serious consequences for safety in our skies and may cost Australian jobs. Labor’s principal objection to this bill is that we believe it has the potential to undermine aviation safety standards in this country.

The bill would permit the holder of an air operator’s certificate issued in New Zealand for the operation of an aircraft of more than 30 seats or 15,000 kilograms to conduct operations in Australia, without having to obtain an Australian issued air operating certificate; and vice versa, for that matter. It is a matter of great concern to Labor that the Howard government has pursued the mutual recognition of Australian and New Zealand aviation safety certification without first establishing that aviation safety regulations in our countries are in fact equivalent. It is because the government has not done that work that Labor is so firmly opposed to this bill.

The Howard government first attempted to legislate for mutual recognition of air operating certificates through the Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003, which was introduced into the parliament in June 2003. At the time, the government claimed that mutual recognition was consistent with the open skies air services agreement between Australia and New Zealand, signed in August 2002. The provisions in the current bill comprise the first phase of such mutual recognition.

Labor referred the original legislation to the Senate Rural and Regional Affairs and Transport Legislation Committee for inquiry and report. What the committee established in the course of its inquiry spoke volumes about the Howard government’s mishandling of the move to mutual recognition. First, the committee established that Australian and New Zealand regulators have entirely contradictory views on the impact of mutual recognition. The Civil Aviation Safety Authority of New Zealand gave evidence that mutual recognition would lead to the harmonisation of safety standards; the Department of Transport and Regional Services firmly repudiated that view. This left the committee questioning, not unreasonably, the inconsistency between Australia and New Zealand on this critical issue.

Second, the committee established that Australian and New Zealand aviation safety standards are not directly comparable. A number of submissions to the committee highlighted this issue, including the Australian and International Pilots Association submission, which said:

New Zealand’s aviation safety system may well comply with the standards required by ICAO and still offer a lesser standard of aviation safety than Australia’s system.

Mr Guy Maclean made a submissions that stated:

... compliance with ICAO benchmark standards does not comparatively rank the Australian and New Zealand aviation systems against each other. Rather, such audit findings only indicate that both systems meet or exceed a minimum required ICAO standard.

One of the key differences between the Australian and New Zealand aviation safety regimes considered by the committee related to flight attendant to passenger ratios being one to 36 passengers—that is, actual passengers—in Australia and one to 50 seats—that is, the seats available in the aircraft—in New Zealand. A number of submissions made to the committee expressed concern, with respect to safety standards and security, about New Zealand’s lower ratios.
We all know the important role flight attendants have played in past incidents involving passengers who present a risk to other passengers or, in some cases, pose a risk to the flight itself. None of us in the parliament are strangers to the inside of an aircraft. Like other air travellers, we have reason to be grateful for the role that flight attendants play in keeping our skies safe. That the Howard government should be prepared to so blithely accept a lower flight attendant ratio on aircraft operating in Australia is surprising.

A related matter considered by the committee was the impact of the competitive advantage to be enjoyed by airlines operating with a New Zealand issued air operating certificate. According to the Flight Attendants Association of Australia International Division this competitive advantage favouring New Zealand registered aircraft would create pressure to reduce operational standards applying to aircraft registered in Australia. This is the sort of harmonisation forecast by the New Zealand regulator—a harmonisation that could see Australian standards reduced.

Anecdotally, some airline operators expect that upon the implementation of this legislation there will be a review of Australian standards that exceed New Zealand standards, particularly cabin crew standards, for the purpose of harmonisation. That is an industry expectation; it is not a statement from CASA. But I will not be surprised if that occurs. We shall see in the course of time. Of course, in the event that a harmonisation of standards does not occur, the bill provides the airlines with, in the words of the FAA, ‘an economic incentive to register aircraft in New Zealand’. Either way, the bill has the potential to deliver Australia lower safety standards.

The wider issue of whether the bill would permit airlines to operate domestically in Australia on a regular basis while remaining on a New Zealand issued AOC was also considered by the committee. The committee found that there may be some hurdles preventing an Australian airline transferring its whole operation to New Zealand while continuing to operate domestically in this country. However, no such prohibition would be imposed on the subsidiary of an Australian airline based across the Tasman.

In its submission to the inquiry, Virgin Blue suggested that carriers may take an opportunistic approach that will result in ‘a race towards the cheapest regulatory option’. That is not what a government that cares about aviation safety should be encouraging or, in terms of the bill before us, actively facilitating. Of course, it is not just about safety; it is also about jobs. This bill would facilitate the movement of some jobs across the Tasman.

Let me now return to the committee inquiry into the first incarnation of this bill. Not surprisingly, government members recommended the passage of the bill, albeit with two important caveats. The first was that a comparative safety assessment should be undertaken after the introduction of the new rules, and the second was that mutual recognition should not be extended without further legislative amendment—that is, the government should abandon its plan to extend mutual recognition by regulation. Labor senators delivered a dissenting report that recommended that the bill be opposed in the absence of a comparative assessment of safety systems, a full regulatory analysis of the two systems and a detailed analysis of the costs and benefits of the proposed regime. The dissenting report supported the minority report’s opposition to an extension of mutual recognition by regulation.

The government could not win the support of this chamber when it operated as a genuine house of review, and the 2003 bill lapsed.
with the last parliament. The Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Bill 2005 was introduced into the Senate in June last year. It substantially replicates its precursor bill, with the exception that it does not contain a provision for the extension of mutual recognition, beyond AOCs, by way of regulation. This is a welcome concession by the government, but it does not ameliorate the substantive damage likely to be wrought overall.

This bill was also referred to the Senate Rural and Regional Affairs and Transport Legislation Committee for inquiry and report. In the report, tabled on 5 September 2005, the government dominated committee again recommended passage of the bill, notwithstanding ongoing concerns about the movement of Australian aviation operations to New Zealand and the government’s continuing failure to undertake a comparative safety assessment. Labor senators again opposed the passage of the bill on these same grounds. We said:

It defies logic to undertake this basic research after the change has been made.

Labor’s key objection to this bill is our concern that it will serve to diminish Australia’s rigorous aviation safety standards. We say again that the government has failed to acknowledge concerns about the safety implications of the proposed mutual recognition regime. The government has ignored the opposition of pilots and flight attendants, and today we again urge the government to think again and do the work that must be done before we head down the proposed path.

One would have thought that by now the government could have at least initiated a comparative assessment of the safety systems in a public inquiry. A full regulatory analysis of the two systems should have been able to have been completed by now. No such information has been conveyed to the opposition. A detailed analysis of the costs and benefits of the proposed regime should have been done by now and ought to be available. As I said, this bill was introduced in June last year. We are now in May, almost 12 months later, but the government has no intention of commissioning such work because it has no concern about the impact of this bill on aviation safety, on the industry, on jobs in the industry or on anything other than a compliance with what it has agreed to do with New Zealand. So much for the national interest.

Labor’s key objection to this bill is our concern that it will serve to diminish Australia’s rigorous aviation safety standards. We say again that the government has failed to acknowledge that concern and has ignored other concerns. I do not understand why the government has not already done the work which I believe is necessary in relation to the passage of this bill. We believe that this legislation will have a dramatic effect on aviation operations in this country.

The government has taken a decision in relation to other air routes and international operations to decline the carrier Singapore Airlines access to the Pacific route, and as a result may well have damaged Australia’s relationship with Singapore. I wonder what the impact would be if one of the carriers operating in Australia now, Virgin Blue, were to establish operations in New Zealand as an international carrier. They already have Pacific Blue as one of their operators in New Zealand. It flies certain routes in the near Pacific region. If they were to seek to base such an operation in New Zealand, what if it was also flying on certain domestic routes in this country? What would the government do
in those circumstances? These are questions that I have asked myself in relation to the possibilities for aviation operation in this country.

Particularly given the current state of the majority owner of Virgin Blue, Patrick, and the takeover discussions which now seem to be coming to a conclusion—and I understand that Friday is the final day for shareholders in Patrick to accept the offer of Toll and to transfer their shares to Toll for the arrangements currently on the table—one wonders what may happen with that carrier. I would not want to make any reflection on Virgin Blue in terms of its operation here in Australia. It is a very professional operation. I regularly fly in their aircraft from Launceston and from other parts of the country as their service from time to time provides the best option. I merely highlight the circumstances of Virgin Blue, their arrangements with Pacific Blue, the Pacific route arrangements and what might occur there, and the possibility that airlines based in New Zealand and connected with Australian based airlines will take advantage of these arrangements and of what the government has suggested they might do—give a Virgin Blue owned operation access to the Pacific route when they have refused access by the Singapore Airlines operation. The Pacific route is Australia to Los Angeles from one of the eastern Australian ports. Sydney was the port of preference rather than the port of Adelaide—it was certainly not Perth.

I wonder what would occur were the government confronted with that option after the passage of this legislation and what impact that would have on the nature of aviation operations in this country. How many jobs that the government expects to remain here would actually migrate to New Zealand if it cost less for a carrier to operate in New Zealand? Who knows what airlines will seek to operate in this country in the future? More importantly, who knows what airlines will seek to register in New Zealand and then seek under these arrangements to be able to operate in Australia?

If we pass this legislation, what we are saying is that the awarding of an air operation certificate to an airline in New Zealand will be accepted as effectively the awarding of the same certificate by the Civil Aviation Safety Authority in Australia and that the airline will be able to fly here. That potentially will mean that certain aircraft based in New Zealand will be able to operate in Australia without having gone through any of the regulatory checks that we require. I do not know that there is anything in this legislation that requires New Zealand to harmonise its operations with Australia, despite what the New Zealand Civil Aviation Safety Authority had to say. That will be a matter for their parliament and for their executive government.

It also does not, as I understand it, oblige the New Zealand government to not change the existing arrangement. I suspect that if there were a change and we wanted to modify the arrangements with New Zealand then that would require us to change this legislation, although there may be some regulation under this legislation that would allow us to do so without changing the legislation. Those matters are also matters of concern which this parliament should give consideration to when it is considering passing this legislation. We are very concerned about this legislation. We believe that this is legislation which should not pass this parliament. If it does, we are very concerned about the impact on Australia’s aviation safety regime for the future.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (6.36 pm)—I rise to speak on the Civil Aviation Legislation Amendment (Mutual Recognition with New
Zealand) Bill 2005 [2006]. This is an important piece of legislation that deals with the safety of the aviation industry, the safety of those working in the industry and the safety of the travelling public in general. Because of Australia’s geographic size and its distance from many countries, Australians are heavily dependent on having a safe and efficient aviation industry. The safety of air travel has become even more of a focus in the wake of the tragic events of 11 September 2001.

This is the second time the government has attempted to bring in mutual recognition provisions for the aviation industry and the second time that the sector has raised concerns about what is being proposed. It is also the second time that this government has decided to ignore those concerns. In broad terms, mutual recognition will mean that aviation safety certificates issued to eligible aviation organisations in one country will be recognised for use in the other. On the face of it, this seems like a sensible decision to reduce administrative costs but in reality what this legislation will do is make airlines compete on safety costs, and that means that we will see a race to the bottom in terms of safety standards, in our view. It will be a race in which the travelling public and those working on planes will be the losers as their lives are put at higher risk due to cost-cutting measures.

The government has argued that the New Zealand and Australian safety legislation is equivalent and therefore there is no risk in allowing mutual recognition. The government has suggested that because both countries have consistently met the International Civil Aviation Organisation safety standards there is no difference in safety standards. But, as the Australian Federation of Air Pilots points out:

ICAO provides a minimum position—in effect, the lowest common safety benchmark on a global basis. Aviation safety in Australia traditionally has been about establishing and maintaining margins of safety over and above the minimum standards. What the government is implicitly suggesting is that Australia no longer has to maintain these higher standards, that the lower standards, the minimum standards, are in fact good enough.

As was pointed out during the inquiry into this bill, Australia and New Zealand have different standards in some very important areas. One that has been highlighted is the very different requirements in the area of the required ratio of cabin crew to passengers, and this is a very important element of aircraft safety. Research undertaken by Professor Galea at the Fire Safety Research Faculty at Greenwich University’s School of Numerical Modelling has shown a clear correlation between higher crew ratios and more effective—that is, safer—aircraft evacuations. As was pointed out by the Flight Attendants Association of Australia, airline operators go to great lengths to compare Australia’s one to 36 crew to passenger ratio with that of America, Europe and New Zealand, which is one to 50 crew to seat ratio, to suggest that Australia’s ratio is too high.

Apart from the fact that they are actually comparing fundamentally different ratios, it is clear that airline management feel that a ratio of one to 36 crew to passengers is not necessary. In evidence presented to the inquiry, the head of safety systems from Virgin Blue airlines indicated that as far as the airline management was concerned, four flight attendants on all of its aircraft was all that was necessary for safety. He went on to say:

The presence of extra flight attendants carried to meet the required ratio of one to 36 is not considered from a safety perspective. Once airlines are operating in Australia that are able to carry fewer staff, how long will it be before other airlines with attitudes like
that start pushing for fewer staff on their flights? When a New Zealand company can operate an identical aircraft to an Australian company but have one fewer cabin crew member, why would the Australian company not push to be able to do the same? The acting manager of corporate relations at CASA told the committee looking into the bill:

We have received word from the airlines that at some time they will be looking to come to CASA with a safety case to demonstrate whether changes—in relation to cabin crew to passenger ratios—are required. CASA has responded by saying that, while at this stage we have not made any moves to change the 1:36 ratio, we will look at safety cases if they are presented to us.

How long after this legislation comes in will it be before the airlines are bringing forward their calls for changes, and how long will the government resist the argument that will inevitably be put by Australian companies that New Zealand companies have a commercial advantage so Australian standards should be lowered to allow us to compete on an equal playing field? Virgin Blue acknowledges that the difference in cabin crew ratios between the two countries:

... does result, potentially, in a less than level playing field in both countries, with operators in Australia exposed to a significant cost penalty.

Cabin to crew ratios are not the only difference between the two countries that has the potential to impact on safety. The Flight Attendants Association noted that New Zealand does not have cabin safety specialists within the standards division of their equivalent of CASA—CAANZ—or specialist cabin safety auditors within the CAANZ compliance division. Surely this diminishes the New Zealand regulator’s ability to provide an equivalent level of oversight to that currently undertaken in Australia by CASA.

In the short term we will have a two-tiered safety system. Those people who can afford the higher prices that will be associated with the airlines with the higher safety standards will get the high standards, and those who can only afford the cheaper tickets will have to accept the higher level of risk. In the words of the flight attendants:

What we could have ... is an institutionalised system with one level of safety for lower cost foreign operators operating within our country ... Secondly, you would have a higher level of safety if you chose to fly with a main line Australian carrier operating to Australian standards.

But in the long term, all Australians will have to accept a high level of risk within the Australian aviation industry because of the downward pressure on standards in order to save costs.

The explanatory memorandum estimates the value of mutual recognition to be $1,000 for every average Australian family. Given the choice, I think that these families would prefer to maintain the higher levels of safety. It is not only safety that will be compromised under the new system, however. This legislation simplifies the ability of airline operators to transfer aircraft operations between Australia and New Zealand and this may well encourage operators to shift business to whichever country provides greater cost-saving measures, with a potential job loss from the Australian airline industry.

The aviation market is highly competitive. There have been dramatic changes in the nature of the industry since September 11, with a range of companies going bankrupt, collapsing—such as occurred with Ansett—or merging. That means that airlines now operate in a very tough competitive environment not only domestically but also internationally. Of course, airlines have experienced additional costs as a result of new regulations governing airline security since September 11. It is not surprising then that
The airlines will look for ways to reduce costs and save money. The flight attendants pointed out that this legislation may act to encourage operators to shift businesses to the country that has more viable cost-saving measures. They said:

The airlines now have started employing overseas. Qantas has a base in New Zealand of international flight attendants who operate under vastly lower conditions than their Australian counterparts. They have set up subsidiary airlines in New Zealand, such as Jetconnect, and there is evidence that jobs that would normally have gone to young Australians are now moving overseas and particularly to New Zealand.

The Australian Federation of Air Pilots also pointed out that Virgin Blue established its own company within New Zealand called Pacific Blue. Pacific Blue engages its pilots through a contractor at a substantially lower rate of pay than Virgin Blue. So this bill will not only risk the flying public’s safety but also risk jobs. The report by the committee itself recognises this. The report says:

... it is inevitable that the proposed legislation will encourage Australian operators to either reduce standards of employment or employment opportunities for cabin crew and pilots or encourage operators to move offshore. The Committee believes that this may not be in the best interests of the industry or the travelling public, particularly if it results in the reduction of standards of safety Australian passengers enjoy.

So I think that it is not enough for the government to say, as they did in the report into the earlier version of this bill, that after 12 months of operation of the new system an assessment of the safety standards of airlines operating in Australia should be conducted. The Democrats say that the government has a duty of care to prove that the new system will not reduce safety levels before they introduce change, not wait and see how it all goes. If a privately owned company said that they were going to introduce a new safety system without investigating impacts on safety prior to introducing it, the Australian community would be rightly outraged. Yet that is exactly what the government is proposing to do with this legislation. The explanatory memorandum for the bill states:

CASA has advised that an analysis of the safety systems has been conducted and both sides are confident that aviation can inter-operate safely in the form being considered.

It goes on to say:

There has been no detailed analysis of accidents or incidents, however as noted above, the two countries are considered to have comparable records, particularly in relation to larger capacity aircraft.

Unfortunately, details of CASA’s analysis have not been made publicly available so it is not possible for anyone to examine their processes or conclusions to determine whether this is a reliable assessment of the situation. All we know about that examination is that it did not look at accidents or incidents. I would ask: how can any examination of the safety impact of mutual recognition not look at airline accidents and incidents? How can the public possibly be confident that CASA’s assessment is reliable when it is not open to evaluation or critique? And, of course, there has been no examination of the possible job losses that might result from the introduction of the legislation despite calls for this in the dissenting report when the earlier version of the bill was considered by the committee in 2004.

We have now had two inquiries that have heard evidence from the aviation industry professionals that there are serious concerns about the impact of this legislation. But the government is powering ahead regardless without undertaking any research into the likely outcomes of introducing the new regime. The government botched the National Airspace System back in 2004. That was another example where the government ignored industry warnings about the inadequ-
cies of the system from the start and it is a great pity that the government has not learned from that mistake. The Democrats will not be supporting the bill but we will be moving an amendment that delays the bill coming into effect until the government has conducted a comparative assessment of the airline safety systems operating in Australia and in New Zealand.

Debate interrupted.

NOTICES

Presentation

Senator Murray to move on the next day of sitting:

That, upon their introduction in either House, the provisions of the following bills be referred to the Economics Legislation Committee for inquiry and report by 9 June 2006:

- Customs Amendment (Fuel Tax Reform and Other Measures) Bill 2006
- Customs Tariff Amendment (Fuel Tax Reform and Other Measures) Bill 2006
- Excise Laws Amendment (Fuel Tax Reform and Other Measures) Bill 2006
- Excise Tariff Amendment (Fuel Tax Reform and Other Measures) Bill 2006.

DOCUMENTS

Australia-Indonesia Institute

Senator STOTT DESPOJA (South Australia) (6.52 pm)—I move:

That the Senate take note of the document.

I commend the Australia-Indonesia Institute annual report 2004-05 to the Senate. As some honourable senators would be aware, the Australia-Indonesia Institute is an important part of our bilateral relationship. It was the subject of examination and received support during the deliberations of the Joint Standing Committee on Foreign Affairs, Defence and Trade in its inquiry on Indonesia. Near neighbours—good neighbours: an inquiry into Australia’s relations with Indonesia was the title of the inquiry report, back in 2004. I commend that report, similarly, to the chamber. I again place on record my strong interest in and fascination with Indonesia.

Having said that, I think that, as with all good friends and neighbours, it is really important that we have very open, frank and constructive discussions as neighbours and friends. That means that sometimes we have to talk about things that might be a bit difficult or uncomfortable. I suppose it is not news to anybody at the moment that there are some issues between Australia and Indonesia over our relationship. A lot of that centres on the recent debate about human rights in West Papua, the asylum seekers who have come to Australia from West Papua and the government’s decision—one that I strongly support—to grant temporary protection visas to those asylum seekers.

It is on that note that I wish to make the point that I see as important organisations such as the Australia-Indonesia Institute and other significant education, cultural and trade institutions that ensure that we have positive, strong and growing ties between our countries. In fact, they are imperative to our relationship so that we understand each other well and we maintain good relations. So I was little concerned, as I think my colleague Senator Bartlett, from Queensland, was as well, to discover that the two of us have found ourselves on a list of what the media have coined ‘enemies of Indonesia’ simply because we have been up front about the issues affecting our region and Indonesia in particular.

I have been to Indonesia a couple of times. I have never quite got to Bali, and at the moment that might be looking a little difficult. I am making an appeal to the Indonesian government here. On the two trips that I have been on, on parliamentary business, I found the country fascinating. I worked with my colleagues towards coming
up with a consensus report that sought only to further our relationship. I do not think the idea of listing individual politicians or organisations as somehow being ‘enemies’ or any other term is the best way to progress our relationship; I really don’t. I think I speak for Senator Bartlett as well when I describe us as friends and supporters of what Indonesia is trying to achieve, or certainly what I have seen in relation to furthering democracy. Indonesia has gone to quite extraordinary lengths and has taken great strides in its democratic progress. Observing its elections was one of the most mind-blowing things I have ever seen. They were conducted in a really harmonious, peaceful and impressive way, especially given the logistical issues with which they had to deal.

I do not want my support for human rights, or that of colleagues, whatever party they may belong to, to be misinterpreted. I have written to the Indonesian ambassador and to the foreign affairs minister of that country to outline my position. This is not because I want to kowtow to that government—far from it. I just want to make clear that when countries are responsible for acts in the past or even currently that are bad then they should be cognisant of those acts and acknowledge them and deal with them. That is what we expect of Indonesia, in the same way that I would expect it of our own country. On that note, I want to make clear that the Australia-Indonesia Institute and other bodies that further our relationship in that constructive way are integral to us understanding our countries better in the future. I once again ask the Indonesian government to look closely at the statements that I and my colleagues have made and to understand them in the context in which they were made. I seek leave to continue my remarks later.

Leave granted; debate adjourned.


Senator STOTT DESPOJA (South Australia) (6.58 pm)—I move:

That the Senate take note of the document.

This is the report for the year ending 30 June 2005. It is an important report, and, as you well know, Mr Acting Deputy President, we try to draw attention to these reports in the Senate chamber. It has some good news in that there was a decrease of approximately 4.5 per cent in the number of warrants that were issued under part VI across all state and federal agencies. So 2,883 warrants were issued. New South Wales agencies obtained a total of 1,337 warrants. This is almost four times as many as the next state, which was Victoria. The majority of these warrants, however, have been used to combat narcotics offences and drug trafficking. In fact, in 2003-04 the AFP had 538 warrants issued. In 2004-05 they had 459, which is 79 fewer. In comparison, in 2003-04 the AFP had two warrants issued for terrorism. In 2004-05 they had 60 warrants issued for terrorism. I am quite curious about what this suggests about terrorist activity, heightened or otherwise. Could this be an interesting use of the warrant system? Terrorism was as much an issue in 2003-04 as it was in 2004-05, and no state agency—not one—had a warrant issued for the purpose of terrorism.

During the recent inquiries into the anti-terrorism legislation and the telecommunications interception law, terrorism was listed as the main reason that it is considered necessary in this country to have such an invasive warrant regime. But, as we can see from the report, terrorism ranks hardly at all with the federal and state law enforcement agencies in terms of their warrant requests. Of the 60 terrorism warrants issued to the AFP, not one resulted in evidence being given in the prosecution of an offence. We cannot tell
whether this information resulted in arrests, as the reporting does not require that the number of arrests made as a result of lawfully obtained information be categorised or reported to the parliament. The overwhelming number of warrants for all agencies were in relation to narcotics or trafficking.

Another interesting aspect is the average duration of time for warrants. It is actually quite concerning when one looks at the report. I will give you an idea of some of the averages. The time that was specified in warrants on average for 2004-05—that is, the requested time for the warrants to be operative—was 80.49 days. And how long were the warrants in force? On average, warrants issued in 2004-05 were in force for 46.37 days. So, as you can see, the warrants are in operation for a considerably shorter period of time than what has been requested.

I put that on record because it makes you wonder why the duration of the warrant—which we have changed in law—is for 90 days. Given that the statistics show that they are not required in force for that period of time, why are we allowing them to be available for that period of time? I am not suggesting that it is necessarily resulting in fishing expeditions, but I think it is worrying. If the average time a warrant is in force is much shorter than what is requested, maybe we should reconsider that 90-day period that is allowed under legislation.

We recognise that interception as a tool for enforcement agencies is a necessary and effective tool. We can see this from the average 62 per cent success rate from warrants issued resulting in arrests made. This average, however, seems to be brought down by the AFP who, from this report, had 647 warrants issued and made only 154 arrests from those warrants. That is a 23 per cent success rate when compared to, for example, the New South Wales Police, who made 52 more arrests than warrants issued and the South Australia Police, who made 61 more arrests than warrants issued. We do have to wonder—and I am only asking this question because it is hard to read into this particular report exactly why it is the case—which people, particularly the AFP, are doing enough to justify a warrant being issued. The other outstanding issue goes to who is issuing the warrants. Nominated AAT members are issuing a number of the warrants. I seek leave to continue my remarks.

Leave granted; debate adjourned.

**Consideration**

The following government documents were considered:


*Migration Act 1958—Section 486O—Assessment of appropriateness of detention arrangements—Reports by the Commonwealth Ombudsman—Personal identifiers 049/06 to 055/06. Motion to take note of document moved by Senator Bartlett. Debate adjourned till Thursday at general business, Senator Bartlett in continuation.*

The following orders of the day relating to government documents were considered:


General business orders of the day nos 77 to 81, 84 to 87 and 89 relating to government documents were called on but no motion was moved.
NOTICES

Presentation

Senator Coonan to move on the next day of sitting:

That, upon their introduction in the House of Representatives, the provisions of the following bills be referred to the Environment, Communications, Information Technology and the Arts Legislation Committee for inquiry and report by 13 June 2006:

Do Not Call Register Bill 2006
Do Not Call Register (Consequential Amendments) Bill 2006.

ADJOURNMENT

The DEPUTY PRESIDENT—Order!

There being no further consideration of government documents, I propose the question:

That the Senate do now adjourn.

Medibank Private

Senator Barnett (Tasmania) (7.04 pm)—I stand tonight to speak to the merits of selling Medibank Private. I refer to the recent government decision to progress towards a sale of Medibank Private. I am advised that a sale could take place prior to 30 June 2007 by a share float, trade sale or other means. In his media release of 25 April, my colleague the Minister for Finance and Administration, Senator the Hon. Nick Minchin, said, ‘The government has yet to decide whether Medibank Private will be sold through share market float, trade sale’ or by other means and said that this would, in part, depend on whether the government proceeded with the sale of Telstra in 2006-07—although I note that the minister has said that the government plans to proceed with the sale of Medibank Private notwithstanding.

The minister went on to say, ‘The government will shortly call for tenders for advisers to the sale, although the sale cannot take place until the parliament passes the sale legislation,’ which, I am advised, will be introduced in the winter session of parliament this year. It is legislation which I intend to strongly support. I believe it is in the best interests of this country and members of the community. I commend the minister and the Howard government for pursuing a sale which I believe to be entirely appropriate and one which I am sure my colleagues opposite in the Labor Party would also happily embrace if they were in government. Such is the nature of politics, they have so far to date poured scorn on the government’s decision.

It makes no sense for the Australian government to own Australia’s largest private health fund. Why would the government want to own a billion dollar-plus business enterprise with a $2.8 billion annual turnover that performs no universal service obligation to taxpayers, trades in the black, has never returned a dividend and occasionally requires a taxpayer contribution to bolster its capital backing? I believe the government has no business being a player in the private health insurance market, while being the regulator of private health funds and their premiums. This ensures either a perceived or a real conflict of interest. For this reason alone, I find Labor’s opposition to the policy puzzling. Truly, I believe the party opposite has adopted a policy of seeking relevance by blanket opposition to any significant proposal.

There has been much comment on how a sale would reduce competition, but I say a sale can strengthen the market and boost competition. For Labor to oppose the sale is pure ideological autopilot and opposing for opposing’s sake. Since 1988 both major parties have sold or share floated $50 billion worth of public assets, with the Labor Party being responsible for the Commonwealth Bank, Australian Airlines and part of Qantas. In addition, state governments in the past 20 years or so have sold off their government business enterprises, including their own
insurance companies. What reason is there for Medibank Private to remain in public ownership? How is it that such a large government funded asset is able to draw on taxpayers’ funds to bolster its own dominant position, while being of no benefit to a large number of taxpayers who, I might add, either have no private health insurance or have membership with other private health insurers? Such a distortion of the market cannot be and should not be tolerated. It is entirely unfair on other health funds and their members.

Established in 1976 and made an autonomous government business enterprise in 1998, Medibank Private made an operating profit of $130.8 million in 2004-05—a massive 192 per cent turnaround on the profit level in 2002. In 2003-04 the company made a profit of $44.8 million, following a special taxpayer injection of $85 million in the form of 85 million $1 shares. The fund operates on a not-for-profit basis and has a membership base covering three million people, or thereabouts, or just under one-third of Australians who have private health insurance cover. Government ownership of Medibank Private, in my view, is one humongous distortion of the market.

Amazingly, this dominant player in the private health insurance industry has not returned one cracker in dividends to taxpayers—ever. The fact that from time to time taxpayers are asked to contribute funds to Medibank Private creates an unfair playing field for other private health insurers, given that this fund is the country’s biggest player. To sell it would strengthen the private health insurance market, not weaken it. A privately owned entity could reduce management and administration expenses and also expand into new areas of doing business. For example, the privately owned BUPA has a management expense ratio of 7.7 per cent compared to 9.3 per cent for Medibank Private and 10 per cent for the mutualised MBF.

The Australian government’s ownership of Medibank Private has no positive influence or bearing on private health insurance premiums or the increasing take-up of private health insurance. It provides no identifiable universal service obligation. All health funds are strictly regulated, no matter who owns them. The government’s 30 per cent private health insurance rebate benefits more than 10 million Australians—or well over 40 per cent of the population—and this includes both hospital and ancillary cover. Medibank Private members receive this rebate, and the additional rebate of up to 35 per cent for those aged 65 or 40 per cent for those aged 70 and over. In theory, government policy could be designed to provide particular benefits for Medibank Private members. This possibility, of course, can be avoided altogether by its sale.

According to its annual report, Medibank Private’s profit has improved by more than $306 million over the past three years, while it says that 88.4 per cent of contributions by members are returned as benefits paid. The insurer matches this return on membership equity against what it says is an industry average of 87.2 per cent. However, as a government owned and funded asset with no requirement to pay a dividend, it is no wonder that Medibank Private holds a dominant market position. It should be sold in order to free up the marketplace not constrain and hinder it. It is one of 38 private health insurance funds, and consumers have many choices about whom they insure with. Also, the government is retaining the ministerial premium approval process, so any unjustifiable increase can be rejected.

The method of sale of Medibank Private via the stock market, by tender, trade sale or other means is very important to ensure the
maximum return for taxpayers and to main-
tain competition. Using some of the sale pro-
cesses to increase funding for medical re-
search is an excellent decision. The govern-
ment’s decision in the federal budget last
night to substantially increase funding for
medical research is certainly applauded by
me and, I know, by many others.

I want to add that the current board, CEO
George Savvides and the management of
Medibank Private have done an excellent job
turning around the company’s finances and
putting it in a position where there is signifi-
cant interest from potential buyers. The in-
dustry generally will benefit from the largest
health fund being privately owned and com-
peting on a level playing field. Competition
for members between funds is the best way
to limit premium increases.

Studies have shown that a privately owned
fund would be able to be more efficient
through lower management expenses and
through scope for expansion into new busi-
ness areas. It is the latter part that has been
missed or misunderstood by the opposition
and, indeed, some in the public arena. If it is
privately owned the options are there, in the
spirit of entrepreneurialism that is fundamen-
tal to the success of our economy and par-
ticularly the small business community in
Australia. These greater efficiencies mean a
privately owned fund does not put upward
pressure on premiums. There are already five
for-profit private health insurance funds, and
there is no evidence that these for-profit in-
surers charge higher premiums than any
other health funds. History supports the deci-
sion to sell Medibank Private. The evidence
is there to support its sale.

Senate adjourned at 7.14 pm

DOCUMENTS
Tabling

The following government documents
were tabled:

Migration Act 1958—Section 486O—
Assessment of appropriateness of detention
arrangements—

Government response to the Common-
wealth Ombudsman’s reports 049/06 to
055/06, 9 May 2006.

Reports by the Commonwealth Omb-
udsman—Personal identifiers 049/06
to 055/06.

Sydney Airport Demand Management Act
1997—Quarterly reports on the maximum
movement limit for Sydney Airport for the
periods—

1 April to 30 June and 1 July to 30 Sep-
tember 2005.

1 October to 31 December 2005.

Treaties—

Bilateral—Text, together with national
interest analysis and annexures—

Agreement between the Government
of Australia and the Government of
the United States of America on Co-
operation in Science and Technology
for Homeland/Domestic Security
Matters (Washington, 21 December
2005).

Agreement between the Government
of the Republic of Namibia and the
Governments of Australia, Canada,
India, New Zealand, South Africa
and the United Kingdom of Great
Britain and Northern Ireland con-
cerning the Treatment of War Graves
of Members of the Armed Forces of
the Commonwealth in the Territory
of the Republic of Namibia (Wind-
hoek, 27 June 2005).

Agreement on Social Security be-
tween the Government of Australia
and the Government of the Kingdom
of Norway (Canberra, 2 December
2005).

Treaty between the Government of
Australia and the Government of
Malaysia on Extradition (Putrajaya,
15 November 2005) and Exchange of
Notes (Kuala Lumpur, 7 December 2005).


Multilateral—Text, together with national interest analysis and annexures—


The International Institute for Democracy and Electoral Assistance Statutes (as amended at the Extraordinary Council meeting of International IDEA on 24 January 2006).

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/A320/192—Main Fuel Pump System—Airworthiness Limitation [F2006L01446]*.

AD/AC-SNOW/24 Amdt 5—Wing Spar [F2006L01458]*.

AD/B-2/32—Tail Rotor Gearbox [F2006L01448]*.

AD/B747/171 Amdt 5—Outboard Main Fuel Tank Boost Pump Wiring [F2006L01339]*.

AD/G1159/45 Amdt 1—Cockpit Flight Panel Displays [F2006L01449]*.

106—

AD/AL501/2—2nd Stage Turbine [F2006L01348]*.

AD/ARRIEL/23 Amdt 1—Start Electro Valve—Fuel Leaks [F2006L01422]*.

Customs Act—

Tariff Concession Orders—

0507917 [F2006L01409]*.

0603570 [F2006L01421]*.

0603872 [F2006L01349]*.

0603902 [F2006L01351]*.

0603914 [F2006L01425]*.

0604033 [F2006L01427]*.

Tariff Concession Revocation Instruments—

41/2006 [F2006L01411]*.

42/2006 [F2006L01412]*.

43/2006 [F2006L01413]*.

Defence Act—Determination under section 52—Determination No. 1 of 2006 [F2006L01285]*.


Superannuation (Financial Assistance Funding) Levy Act and Financial Institutions Supervisory Levies Collection Act—Select Legislative Instrument 2006 No. 104—Superannuation (Financial Assistance Funding) Levy and Collection Amendment Regulations 2006 (No. 1) [F2006L01434]*.

* Explanatory statement tabled with legislative instrument.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Fisheries, Forestry and Conservation: Consultants
(Question No. 603)

Senator Chris Evans asked the Minister for Fisheries, Forestry and Conservation, upon notice, on 4 May 2005:

(1) For each financial year from 2000-01 to 2004-05 to date: (a) how many consultants were engaged by the department and/or its agencies to conduct surveys of community attitudes to departmental programs and what was the total cost; and (b) for each consultancy: (i) what was the cost, (ii) who was the consultant, and (iii) was this consultant selected by tender; if so, was the tender select or open; if not, why not.

(2) Were any of the surveys released publicly; if so, in each case, when was the material released; if not, in each case, what was the basis for not releasing the material publicly.

Senator Abetz—The answer to the honourable senator’s question is as follows:
See response to Senate Question on Notice number 594.

Superannuation
(Question No. 1291)

Senator Sherry asked the Minister for Finance and Administration, upon notice, on 6 October 2005:

As at 1 July 2002, 1 July 2005 and 1 July 2008 (or to the nearest relevant date where information is available) and in relation to each of the Public Sector Superannuation Scheme, the Commonwealth Superannuation Scheme, the Defence Force Retirement and Death Benefits Scheme and the Military Superannuation and Benefits Scheme:

(1) What is the total number of persons covered by each scheme and the total value of government liability owed.

(2) What is the total number of former public sector employees, not yet retired, and what is the total value of government liability owed to such persons.

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

(1) The PSS and CSS Boards, the trustees of the schemes, and the Department of Defence have advised that the number of members in the schemes at the date requested are:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>1 July 2002</th>
<th>1 July 2005</th>
<th>1 July 2008*</th>
</tr>
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<tbody>
<tr>
<td>PSS</td>
<td>213,956</td>
<td>252,403</td>
<td>245,980</td>
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<tr>
<td>CSS</td>
<td>165,227</td>
<td>158,001</td>
<td>148,662</td>
</tr>
<tr>
<td>DFRDB (including DFRB)</td>
<td>64,538</td>
<td>62,779</td>
<td>61,269</td>
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<tr>
<td>MSBS</td>
<td>91,235</td>
<td>107,875</td>
<td>124,999</td>
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</table>

*The Boards have advised that the data for 1 July 2008 for the PSS and CSS is based on estimates provided by the scheme’s actuary, Mercer Human Resource Consulting (Mercers), while data for the Defence schemes is based on estimates provided by the scheme’s actuary, the Australian Government Actuary.

The actual and projected unfunded liability estimates as at 30 June as reflected in the 2002 long term cost reports are:
(1) Since 30 June 2000, how many contracts have been let by the Civil Aviation Safety Authority (CASA) to Acumen Partners or any related entities.

(2) In each case: (a) when was the contract signed; (b) what was the life of the contract; (c) when did work on the contract commence; (d) when was each contract completed; and (e) was the contract the subject of a tender process; if so: (i) was the tender process in the form of an open tender or a select tender, and (ii) what process was followed in calling for tenders.
(3) For each case in which contracts were not the subject of a tender process: (a) what was the nature of the work to be done; (b) what was the value of the tender; (c) was the cost of the work varied; (d) what was the cost to CASA of this variation; and (e) what was the basis for the variation.

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

(1) 21.
(2) See table at attachment A.
(3) See table at attachment A.
<table>
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<tr>
<th>CASA Contract Number</th>
<th>Contract Title</th>
<th>Q2a Signed Date</th>
<th>Q2b Contract Term</th>
<th>Q2c Commence Date</th>
<th>Q2d Termination Date</th>
<th>Q2e Tender Process</th>
<th>Q2e i Procurement Method</th>
<th>Q2e ii Process for Calling Tender</th>
<th>Q2f Nature of Work</th>
<th>Q3b Dollar Value</th>
<th>Q3c Was Cost Varied</th>
<th>Q3d Cost of Variation</th>
<th>Q3e Basis of Variation</th>
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<tr>
<td>00/034-00</td>
<td>Provision of Contract Auditor for audit of Flight Crew Licensing Cyber Exams</td>
<td>* 3 months 30/10/2000</td>
<td>3/01/2001</td>
<td>*</td>
<td>*</td>
<td>Provision of Contract Auditor for audit of Flight Crew Licensing Cyber Exams</td>
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<td>*</td>
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<td>01/008-00</td>
<td>Post-Implementation Review Of Regulatory Services Division</td>
<td>* 1 months 1/06/2001</td>
<td>1/07/2001</td>
<td>*</td>
<td>*</td>
<td>Post-Implementation Review Of Regulatory Services Division</td>
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<td>02/011-00</td>
<td>Review of IT Service Levels required by CASA</td>
<td>* 3 months 1/05/2002</td>
<td>1/08/2005</td>
<td>*</td>
<td>*</td>
<td>Review of IT Service Levels required by CASA</td>
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<td>Internal Audit Services 2002/2003</td>
<td>24/06/2002 12 months 1/07/2002</td>
<td>30/06/2003</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Contract for provision of internal audit services.</td>
<td>$194,400.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
<td></td>
<td></td>
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<tr>
<td>03/072-00</td>
<td>Internal Audit Services 2003/2004</td>
<td>* 12 months 1/07/2003</td>
<td>30/06/2004</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Roll over of previous contract 03/972-00</td>
<td>$250,000.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tr>
<td>04/004-00</td>
<td>Internal Audit Services 2004-2005</td>
<td>* 12 months 1/07/2004</td>
<td>30/06/2005</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Roll over of previous contract 04/004-00</td>
<td>$270,000.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tbody>
<tr>
<td>04/008-00</td>
<td>Review Of Aviation Medicine Function</td>
<td>21/07/2004</td>
<td>22/06/2004</td>
<td>30/07/2004</td>
<td>Yes</td>
<td>Select Tender</td>
<td>(Restricted Source)</td>
<td>Proposals were sought from Effective People Pty Ltd and Acumen Alliance.</td>
<td>Contract to provide a project leader to review and make recommendations in regards to: 1. The appropriate structure, complement and establishment of the aviation medicine function necessary to meet internal and external obligations and goals; 2. Relevant working arrangements and reporting relationships within the branch; and 3. An impact statement on the introduction of proposed new technologies within the function.</td>
<td>$9,800.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tr>
<td>04/011-00</td>
<td>Provision Of Long Term Funding Strategy Consultant</td>
<td>28/09/2004</td>
<td>30/09/2004</td>
<td>30/11/2004</td>
<td>Yes</td>
<td>Select Tender</td>
<td>(Restricted Source)</td>
<td>Provision of a consultant to prepare a project plan for the development of a long term funding strategy for CASA.</td>
<td>$63,000.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
<td></td>
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<tbody>
<tr>
<td>04/020-01</td>
<td>Project Management Services - Panel of Suppliers Contract</td>
<td>22/02/2005</td>
<td>2 years</td>
<td>23/02/2005</td>
<td>21/02/2007</td>
<td>Yes</td>
<td>Select Tender to suppliers endorsed under the Commonwealth Government’s Endorsed Supplier Agreement, Five suppliers successful and contracted to the Panel.</td>
<td>Panel - Standing offer agreement for the provision of ad hoc project management services</td>
<td>$40,000.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>04/023-00</td>
<td>Provision Of Long Term Funding Strategy Consultant - Phase 3 of Project</td>
<td>3/12/2004</td>
<td>3 months</td>
<td>1/12/2004</td>
<td>26/02/2005</td>
<td>No</td>
<td>Direct request for quotation</td>
<td>Provision of consulting services in relation to: 1. Development of a long term funding strategy for CASA; 2. Assist in the development of the Cost Recovery Impact Statement; and 3. Assist in the development of the cost recovery implementation plan</td>
<td>$50,000.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tr>
<td>CASA Contract Number</td>
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<tr>
<td>04/025-01</td>
<td>Internal Audit Services 2005-2006</td>
<td>27/06/2005</td>
<td>12 months</td>
<td>1/07/2005</td>
<td>30/06/2006</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Roll-over of previous contract 04/004-00</td>
<td>Contract for provision of internal audit services.</td>
<td>$30,000.00</td>
<td>No</td>
<td>$0.00</td>
</tr>
<tr>
<td>04/026-00</td>
<td>Corporate Accountant for Finance Dept)</td>
<td>6/01/2005</td>
<td>2 1/2 months</td>
<td>6/12/2004</td>
<td>25/03/2005</td>
<td>No</td>
<td>Direct Source (Select Source)</td>
<td>Direct request for quotation</td>
<td>Contract for the temporary fill of a vacant position. Duties include Manage the financial reporting and costing operations of CASA including: Portfolio Budget Statement; management reports; AIMS reporting; and general ledger reconciliation.</td>
<td>$65,000.00</td>
<td>No</td>
<td>$0.00</td>
</tr>
<tr>
<td>05/005-00</td>
<td>Consultant for Change Implementation Team (CIT) CASA Restructure</td>
<td>15/03/2005</td>
<td>3 months</td>
<td>28/02/2005</td>
<td>No</td>
<td>Direct Source (Select Source)</td>
<td>Direct request for quotation</td>
<td>Contract for the provision of Team Leader services on CASA’s Change Implementation Team.</td>
<td>$150,200.00</td>
<td>Yes</td>
<td>$260,400.00</td>
<td>There have been two 3 month contract extensions to date. These extensions have been necessary to support CASA’s ongoing restrucure.</td>
</tr>
</tbody>
</table>
### QUESTIONS ON NOTICE

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>05/025-00</td>
<td>Financial Management and Controlling - Staff Supplementation</td>
<td>14/06/2005</td>
<td>3 months</td>
<td>15/06/2005</td>
<td>15/09/2005</td>
<td>No</td>
<td>Direct Source (Select Source)</td>
<td>Procurement was a Direct Source tender based on the decision that Acumen was the only suitable candidate for the position.</td>
<td>Provision of short term contract staff to assist Finance Branch in: 1. Analysis of project expenditure and WIP reconciliation for period ending 31/05/2005; 2. Budgeting for the 2005-06 projects program; and 3. Review of current business rules for project governance within CASA.</td>
<td>$83,325.00</td>
<td>Yes</td>
<td>$79,379.00</td>
<td>Contract is ongoing due to unanticipated CASA requirements</td>
</tr>
<tr>
<td>05/027-00</td>
<td>Financial Services - Staff Supplementation</td>
<td>21/06/2005</td>
<td>3 months</td>
<td>22/06/2005</td>
<td>15/09/2005</td>
<td>No</td>
<td>Direct Source (Select Source)</td>
<td>Procurement was a Direct Source tender based on the decision that Acumen was the only suitable candidate for the position.</td>
<td>Provision of short term contract staff to assist Finance Branch in: 1. The preparation of CASA’s 2005-2006 financial statements; and 2. Internal budget and business plan process.</td>
<td>$60,000.00</td>
<td>Yes</td>
<td>-$39,870.00</td>
<td>Contract is ongoing due to unanticipated CASA requirements</td>
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</table>
### QUESTIONS ON NOTICE

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</thead>
<tbody>
<tr>
<td>05/030-00</td>
<td>Costing Analysis Report - CIT</td>
<td>2/08/2005</td>
<td>2 months</td>
<td>13/07/2005</td>
<td>12/09/2005</td>
<td>Direct Source (Select Source)</td>
<td>Procurement was a Direct Source tender based on the decision that Acumen was the only suitable candidate for the position.</td>
<td>Provision of consulting services in relation to:</td>
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<td></td>
<td></td>
<td></td>
<td>1. Analysis and costing of restructuring proposals;</td>
<td>$40,000.00</td>
<td>Yes</td>
<td>$-23,200.00</td>
<td>$23,200 unused</td>
<td>Initial value allowed was not required to complete the task.</td>
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<td></td>
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<td></td>
<td></td>
<td>2. Analysis of Corporate costs incurred by the authority; and</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3. The preparation of a covering report</td>
<td></td>
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</table>

**Province of consulting services in relation to:**

1. Analysis and costing of restructuring proposals;
2. Analysis of Corporate costs incurred by the authority; and
3. The preparation of a covering report.
<table>
<thead>
<tr>
<th>CASA Contract Number</th>
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<th>Q3e Basis of Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/031-01</td>
<td>Market Testing Services - Non Core Activity - Human Resources</td>
<td>15/08/2005</td>
<td>4 months</td>
<td>16/08/2005</td>
<td>15/12/2005</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Procurement was a Select Tender conducted under an existing Panel Arrangement (04/020-01). A request for quotation was issued to all panellists. Acumen and Walter Turnbull were identified as providing the best value for money outcome.</td>
<td>Market testing of CASA non-core activity - Human Resources</td>
<td>$70,290.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tr>
<td>CASA Contract Number</td>
<td>Contract Title</td>
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<td>Q2e ii Process for Calling Tender</td>
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<td>Q3b Dollar Value</td>
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<tr>
<td>05031-02</td>
<td>Market Testing Services - Non Core Activity - Property and Maintenance</td>
<td>15/08/2005</td>
<td>4 months</td>
<td>16/08/2005</td>
<td>15/12/2005</td>
<td>Yes</td>
<td>Select Tender</td>
<td>Procurement was a Select Tender conducted under an existing Panel Arrangement (04020-01). A request for quotation was issued to all panelists. Acumen and Walter Turnbull were identified as providing the best value for money outcome.</td>
<td>Market testing of CASA non-core activity - Property and Maintenance</td>
<td>$60,264.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<td>Q2e ii Process for Calling Tender</td>
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<tr>
<td>05/031-00</td>
<td>Market Testing Services - Non Core Activity - Security Front Desk/Reception</td>
<td>15/08/2005</td>
<td>4 months</td>
<td>16/08/2005</td>
<td>15/12/2005</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Procurement was a Select Tender conducted under an existing Panel Arrangement (04/020-01). A request for quotation was issued to all panelists. Acumen and Walter Turnbull were identified as providing the best value for money outcome.</td>
<td>Market testing of CASA non-core activity - Security and Reception</td>
<td>$26,111.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<tr>
<td>05/031-04</td>
<td>Market Testing Services - Non Core Activity - Payroll</td>
<td>15/08/2005</td>
<td>4 months</td>
<td>16/08/2005</td>
<td>15/12/2005</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Procurement was a Select Tender conducted under an existing Panel Arrangement (04/020-01). A request for quotation was issued to all panellists. Acumen and Walter Turnbull were identified as providing the best value for money outcome.</td>
<td>Market testing of CASA non-core activity - Payroll</td>
<td>$70,290.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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<td>CASA Contract Number</td>
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<tr>
<td>05/031-03</td>
<td>Market Testing Services - Non Core Activity - Corporate Finance</td>
<td>15/08/2005</td>
<td>4 months</td>
<td>16/08/2005</td>
<td>15/12/2005</td>
<td>Yes</td>
<td>Select Tender (Restricted Source)</td>
<td>Procurement was a Select Tender conducted under an existing Panel Arrangement (04/020-01). A request for quotation was issued to all panelists. Acumen and Walter Turnbull were identified as providing the best value for money outcome.</td>
<td>Market testing of CASA non-core activity - Corporate Finance</td>
<td>$51,480.00</td>
<td>No</td>
<td>$0.00</td>
<td>Not Applicable</td>
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</tbody>
</table>

* Information not available.
Superannuation Guarantee  
(Question No. 1405)

Senator Sherry asked the Minister representing the Treasurer, upon notice, on 1 December 2005:

For the past 5 financial years: (a) what is the dollar value of uncollected Superannuation Guarantee payments that the Australian Taxation Office has ‘wiped’ from the debts to be collected, given that it is uncollectible from employers; and (b) how many employers and employees have been affected in each financial year.

Senator Minchin—The Treasurer has provided the following answer to the honourable senator’s question:

As this question deals with matters of taxation administration, I asked the Commissioner of Taxation for advice:

(a) The table below indicates the value of Superannuation Guarantee debt written off and the number of cases/employers involved for each of the past five financial years.

(b) The debt write off process does not capture the number of employees involved when a superannuation guarantee debt is written off.

Superannuation Guarantee

<table>
<thead>
<tr>
<th>Period</th>
<th>Debt Written Off $ M value</th>
<th>No of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2000 – June 2001</td>
<td>3.79</td>
<td>2,698</td>
</tr>
<tr>
<td>July 2001 – June 2002</td>
<td>5.35</td>
<td>2,639</td>
</tr>
<tr>
<td>July 2003 – November 2003</td>
<td>19.55</td>
<td>1,036</td>
</tr>
<tr>
<td>December 2003 to date</td>
<td>0*</td>
<td></td>
</tr>
</tbody>
</table>

*The business system for superannuation guarantee was replaced in December 2003. The new system does not currently provide the same write-off functionality. Records of cases that have been determined as suitable for write-off are being maintained to enable write-off action to be taken when the required system functionality is provided. For the period from December 2003 to the end of the 2005 financial year, there are just over 2,500 cases with a value of approximately $84 million that have been determined as uneconomical to pursue or irrecoverable at law.

Australian Prudential Regulation Authority  
(Question No. 1419)

Senator Murray asked the Minister representing the Minister for Revenue and Assistant Treasurer, upon notice, on 2 December 2005:

(1) The Australian Prudential Regulation Authority (APRA) is currently considering changes to the regulation of mortgage risk: (a) is APRA seeking to differentiate between how big banks and small banks manage residential mortgage risk; if so, why; and (b) is the risk the same, regardless of the size of the bank in question.

(2) (a) Is APRA considering differentiating the risk weighting of residential mortgage risk; if so, why; and (b) will this reduce the motivation by banks to diversify such risks across specialist risk insurers such as Lenders Mortgage Insurance providers; if not, why not.

(3) With reference to the changes currently under consideration by APRA on residential mortgage risk insurance: (a) will these changes encourage large banks in Australia to self-insure their residential mortgage risk; if not, why not; and (b) why is this a desirable outcome.

QUESTIONS ON NOTICE
(4) Under the changes proposed by APRA, could an unintended consequence be that the big banks will garner a very substantial competitive advantage over the smaller banks, building societies and credit unions; if not, why not.

(5) Has APRA done a full and complete assessment of the long-term implications of the changes that are proposed under the Basel II accord, including detailed financial modelling of extraneous shocks to the Australian banking system; if so, what are the results of these findings.

(6) (a) How might small and community banks be affected by implementing Basel II; (b) if they are put at a competitive disadvantage, how does APRA plan to change the current domestic capital rules without increasing the burden on those smaller institutions; and (c) will risk-based pricing be introduced into the Australian residential mortgage market in the future as a result of the changes under consideration by APRA pertaining to Basel II; if so, how.

(7) (a) Will the current APRA proposals introduce market distortions and in so doing, create a competitive pricing advantage for some participants; (b) would this lead to predatory pricing by some participants, particularly Australia’s largest banks, which are all arguably advantaged by the aforementioned proposals.

Senator Coonan—The Minister for Revenue and Assistant Treasurer has provided the following answer to the honourable senator’s question:

(1) (a) No, APRA is not seeking to differentiate the management of residential mortgage risk. The New Basel Capital Framework (“Basel II”), which is a global initiative, simply allows some authorised deposit-taking institutions (ADIs) following the so-called “advanced” approaches to link regulatory capital requirements more closely to their internal capital modelling practices. An ADI’s decision to choose the advanced approaches over the alternative “standardised” approach is not simply a matter of size; ADIs wanting to use the advanced approaches must meet certain criteria and be approved by APRA.

(b) The risk in an ADI’s residential mortgage lending portfolio is determined by a number of factors, including:
- the quality of the ADI’s origination, servicing and collection processes; and
- the composition of the portfolio, based upon characteristics such as loan-to-valuation ratio, property type and loan purpose.
- In itself, the size of the ADI does not directly influence risk profile or portfolio composition. However, smaller lenders tend to have a higher geographic concentration.

(2) (a) Under current prudential arrangements, most residential mortgage loans attract a 50 per cent risk-weight for capital adequacy purposes; loans with higher risk characteristics are weighted at 100 per cent. Under the Basel II standardised approach, APRA is proposing greater granularity in the risk-weighting scheme and a reduction in the lowest risk-weight to 35 per cent. Basel II acknowledges that the current Basel capital accord generally overstates the risks associated with housing lending. For those ADIs following the advanced approaches (see answer (1a)), there will be even greater granularity. APRA’s approach to Basel II is based on the universally accepted principal that, wherever possible, regulatory capital requirements should attempt to accurately reflect risk. APRA’s proposed revision of the risk-weighting scheme provides improved risk management incentives for ADIs and minimises regulatory distortions.

(b) Taken on its own, the introduction of greater granularity into the risk-weighting scheme for mortgage lending will not reduce the incentive an ADI has to mortgage insure a loan. At present, ADIs receive a capital concession when they mortgage insure high risk loans and this will continue to be the case under the proposed Basel II approach. The size of the concession under Basel II will be smaller but this more accurately reflects the risks of the transaction. In addition, APRA is proposing that only the first 40 per cent of a loan (not the full loan as at pre-
sent) needs to be insured by an acceptable lenders mortgage insurer (LMI) to attract the capital concession.

Any decision by an ADI to use lenders mortgage insurance is a commercial risk-return judgment for the ADI, and remains so under Basel II. APRA is currently consulting with the industry on the impact of the proposed changes to the risk-weights for residential mortgage lending under the standardised approach and of the proposed reduction in the “top cover” requirement for lenders mortgage insurance.

(3) (a) As noted in the response to Question 2, the decision by an ADI to use mortgage insurance cover (normally paid for by the borrower) is a commercial risk-return judgement by the ADI, and remains so under Basel II. APRA is currently consulting with interested parties on how the larger banks will approach mortgage insurance cover under Basel II.

(b) It is not a matter of desirability. The proposed reduction in the “top cover” requirement for lenders mortgage insurance (from 100 per cent to 40 per cent) is consistent with international practice and is based on the evidence that 100 per cent mortgage insurance creates poor risk management incentives within ADIs. Although an ADI is in the best position to evaluate and monitor a loan, its incentive to do so is considerably reduced when it perceives there is no risk of loss.

More generally, APRA’s proposed risk-weighting scheme for ADIs under the Basel II standardised approach, taken together with the revised capital framework for LMIs introduced in September 2005, are designed to ensure that both ADI and LMI sectors are well capitalised and able to withstand a substantial housing market correction without putting depositors and mortgage insurance policyholders at undue risk.

(4) No. Basel II introduces fundamental differences in the way in which ADIs which have developed sophisticated approaches to credit risk and operational risk management will calculate their regulatory capital, compared to other ADIs. However, Basel II is not intended as a vehicle for changing the competitive landscape in Australia but rather as an opportunity to better align regulatory capital with the risks that ADIs assume and how well those risks are managed. APRA is committed to ensuring that Basel II is implemented in Australia in a fair and consistent way.

The vast majority of ADIs in Australia will adopt the standardised approaches and, on average, these ADIs are likely to experience a modest reduction in their regulatory capital requirements. APRA has indicated it will adopt a cautious approach to agreeing to reductions in regulatory capital for those ADIs seeking accreditation to use the advanced Basel II approaches. The Basel II Framework imposes floors on the maximum available regulatory capital reductions under the advanced approaches; consistent with these floors, APRA has publicly stated that those ADIs using the advanced approaches should not expect double-digit percentage reductions in regulatory capital.

(5) In 2003, APRA undertook a detailed and rigorous stress test to help gauge the resilience of ADI’s residential mortgage portfolios in the event there were to be a substantial housing market correction. The stress test demonstrated that the ADI sector as a whole remained well capitalised and could withstand a substantial housing market correction without putting depositors at undue risk. The stress test results were published in the Quarter 3 and 4 2003 edition of APRA’s Insight and in an APRA Research Working Paper in September 2005.

Subsequent stress testing of LMIs and a broader review of LMIs – covering reinsurance arrangements, parental support, reporting requirements and relationships with ADIs – highlighted a number of deficiencies in these areas. These included inadequacies in regulatory capital requirements and reporting to APRA, inconsistencies in prudential supervision of LMIs and ADIs and possibly ineffective risk transfer arrangements.
The stress test results influenced APRA’s proposed risk-weighting scheme for residential mortgage lending for ADIs using the standardised approach, and the revised capital and reporting framework for LMIs introduced in September 2005 after extensive industry consultation.

In addition to the stress testing, APRA has conducted, and continues to conduct, extensive analysis of the issues associated with the introduction of Basel II. As part of this process, it has participated in several quantitative impact studies (QIS) conducted by the Basel Committee on Banking Supervision. One of these studies (QIS5) is currently underway and the results will be used by the Basel Committee to review the overall calibration of the Basel II Framework. APRA intends to use the results of this study to continue its review of the total capital outcome of the Basel II regime in Australia.

(6) (a) Before the end of 2007, ADIs adopting the standardised approach (typically the medium-sized and smaller ADIs) will need to convert their regulatory reporting systems to Basel II. They are not expected to incur significant compliance costs or resource requirements in doing so.

From 1 January 2008, these ADIs will need to meet the new Basel II capital requirements which, as noted in the response to Question 4, are expected on average to involve a modest reduction from current requirements.

(b) As discussed in the response to Question 4, Basel II is not expected to have a significant impact on the competitive position of smaller ADIs. It is worth noting that there have long been differences in the average capital ratios of different sectors of the ADI industry in Australia.

(c) Risk-based pricing per se has not been a feature of the Australian residential mortgage market. Price differentiation tends to exist typically at the product level, with products such as low doc, reverse mortgage and nonconforming loans normally attracting higher effective interest rates than conventional home loans. Risk-based pricing tends to be more common in the mortgage insurance market with higher risk borrowers required to pay higher mortgage insurance premiums.

It is not expected that Basel II will lead to significant changes in home loan pricing practices. A large volume of residential mortgages in Australia are now originated by lenders that are not regulated by APRA; these lenders have already had a considerable impact on competition in the housing market.

(7) (a) APRA’s Basel II proposals, taken together with recent revisions to the capital framework for LMIs, are aimed at reducing market distortions and regulatory arbitrage opportunities in residential mortgage lending while ensuring that the ADI and LMI sectors remain well capitalised. The new capital regimes for these sectors will be more closely aligned with the relative riskiness of different types of housing loans; this will reduce market distortions compared to the blunt capital requirements of the current Basel framework.

(b) As discussed in response to previous questions, Basel II is not expected to have a significant impact on the competitive position of smaller ADIs, nor to lead to predatory pricing on the part of the larger banks. As already indicated, APRA is committed to ensuring that Basel II is implemented in Australia in a fair and consistent way.

**Transport and Regional Services: Office Space**

(Question No. 1551)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 19 January 2006:

With reference to the lease and/or purchase of additional office space and refurbishment of office space by the department in the 2005-06 financial year: by location, what costs are associated with: (a) the lease and/or purchase of additional space; and (b) the refurbishment of office space.
**Senator Ian Campbell**—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

**Costs of new leases entered into during 2005-06 are:**

<table>
<thead>
<tr>
<th>Address</th>
<th>Area in Square Metres</th>
<th>Annual Rent (GST exclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>111 Alinga Street, Canberra ACT (Part of Ground Floor)</td>
<td>477</td>
<td>$208,914</td>
</tr>
<tr>
<td>1 Crewe Place Rosebery NSW</td>
<td>1000</td>
<td>$248,524</td>
</tr>
<tr>
<td>Level 13.50 Queen St Melbourne VIC</td>
<td>612</td>
<td>$168,355</td>
</tr>
<tr>
<td>Level 9, 2 Lonsdale Street, Melbourne VIC</td>
<td>73</td>
<td>$3,452</td>
</tr>
<tr>
<td>Level 3, 340 Adelaide St Brisbane QLD</td>
<td>408</td>
<td>$138,720</td>
</tr>
<tr>
<td>Level 7, 24 Mitchell St Darwin NT</td>
<td>214</td>
<td>$81,575</td>
</tr>
</tbody>
</table>

Costs of refurbishment of office space and fitout of new office space commenced during 2005-06 are projected to be:

<table>
<thead>
<tr>
<th>Address</th>
<th>Projected Cost (GST exclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>111 Alinga Street, Canberra ACT</td>
<td>$9,768,220</td>
</tr>
<tr>
<td>4 Mort Street, Canberra ACT</td>
<td>$3,299,700</td>
</tr>
</tbody>
</table>

**Border Rationalisation Task Force Report**

**Question No. 1567**

**Senator Ludwig** asked the Minister for Justice and Customs, upon notice, on 30 January 2006:

Can a copy be provided of the report of the Border Rationalisation Task Force, Border Australian: A Service Partnership – a report of the Border Rationalisation Task Force, chaired by Mr Gary Sturgess.

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

The report is an internal working document and it has not been publicly released.

**Transport and Regional Services: Travel Booking Services**

**Question No. 1583**

**Senator O’Brien** asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 15 February 2006:

(1) Can details be provided of the travel booking services used by the department and agencies for which the Minister is responsible.
(2) Where external services are contracted, can details be provided of the value and term of the contracts.

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

(1) Department of Transport and Regional Services (DOTARS)

The Department of Transport and Regional Services uses American Express Travel booking services.

National Capital Authority (NCA)

Travel booking services that have been used by the NCA in 2004-05 and to date in 2005-06 are:

FCM Travel Solutions Canberra
RCI Travel
The Travel Centre Fyshwick
Best Flights

Australian Maritime Safety Authority (AMSA)

AMSA's travel management services provider is FCM Travel Solutions.

Civil Aviation Safety Authority (CASA)

CASA signed a contract with Flight Centre Management (FCM) on 28 February 2006. Prior to that date CASA did not have a preferred supplier for travel booking services.

Airservices

Travel Booking services are currently provided to Airservices Australia by Qantas Business Travel (QBT).

(2) Department of Transport and Regional Services (DOTARS)

The contract with American Express runs until 31 December 2006. There is no set value to the contract as it is based on the number of trips and a transaction fee per trip.

National Capital Authority (NCA)

The NCA does not currently have a contractual arrangement with a particular service provider for travel. Most flights are arranged directly with airlines.

Australian Maritime Safety Authority (AMSA)

AMSA's contract with FCM Travel Solutions is for three years to August 2008 and has a total estimated value including travel expenditure of around $2 million per annum.

Civil Aviation Safety Authority (CASA)

On 28 February 2006 CASA signed a contract with Flight Centre Management (FCM) for three years with an option of another two years. The value of the contract is estimated to be $193,710 over the three year initial term.

Airservices

Airservices Australia does not have any contractual arrangements with QBT.

Youth Smoking

(Question Nos 1584 and 1585)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 15 February 2006:
QUESTIONs ON NOTICE

Wednesday, 10 May 2006

(1) What progress has been made in the federal campaign to tackle youth smoking, announced in the May 2005 Budget.

(2) What advice and expertise has been sought on the effectiveness of the campaign.

(3) What proportion of the budget will be spent on: (a) television advertising; (b) press advertising; and (c) other measures.

Senator Santoro—The Minister for Health and Ageing has provided the following answer to the honourable senator’s question:

(1) The government is tackling youth smoking in two stages. The first stage of the campaign, the Health Warnings Campaign, was launched on 14 February 2006. It focused on the new graphic health warnings on tobacco products and comprised national print and electronic advertising. The first stage of the campaign has now finished. A second stage of campaign activity is being developed for launch in the first quarter of 2007.

(2) Independent market research from the development of the graphic health warnings images and messages as well as concept testing research has informed the development of the campaign to date. Representatives of state and territory Quit organisations have also shared their expertise and advice in the campaign’s development.

The effectiveness of the National Tobacco Campaign to address youth smoking will also be evaluated using independent market research.

Benchmark research to obtain measures of pre-campaign knowledge, attitudes and behaviour, was conducted prior to the launch of the health warnings campaign as part of the existing National Tobacco Survey (undertaken in November 2005 by the Social Research Centre). The annual National Tobacco Survey is an important monitor of a range of tobacco policy issues and also provides a means to measure campaign effectiveness.

Post-campaign research will also be used to assess the effectiveness of the campaign by measuring changes in the target audiences’ attitudes, knowledge and behaviour. The evaluation of the campaign will focus on key elements, including advertising and public relations elements. Two national omnibus surveys will monitor the impact of the introduction of the new warnings (the first undertaken in March and the second scheduled to take place mid-July by Woolcott Research). A final evaluation will be undertaken as part of the National Tobacco Survey in November 2006.

Research consultants have not yet been appointed to undertake market testing for the second stage of the campaign.

(3) At this stage, it is only possible to provide the budget proportions for the first stage of campaign activity: (a) television advertising – 50%; (b) press advertising – 21%; (c) other measures – 29%.

SIEVX

(Question No. 1586)

Senator Milne asked the Minister for Justice and Customs, upon notice, on 15 February 2006:

(1) What is the name of the SIEV X survivor who, at his own request, was interviewed via telephone by the Australian Embassy in Jakarta on the night of 22 October 2001 (the details of which were used to provide information in the Department of Foreign Affairs and Trade cable sent to Canberra on 23 October 2001).

(2) Where is this person residing now.

(3) Can the statement he provided to the Australian Federal Police be released; if so, can a copy be provided.
(4) (a) Was the telephone call recorded; and (b) was a transcript made; if so, can copies of all the records of this interview, including notes, transcripts and/or voice recordings be provided.

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

(1) The name of the SIEV X survivor who spoke to an AFP Officer from the Australian Embassy in Jakarta on 22 October 2001 is known to the AFP. However, due to the nature of the evidence that this person can provide in relation to the ongoing investigation into the involvement of additional offenders relating to the SIEV X, it would be inappropriate to release the name at this stage.

(2) Please refer to answer (1).

(3) Please refer to answer (1).

(4) (a) This call was not recorded. Notes were taken by the AFP member who took the call and it was these notes that were subsequently used to contribute to the preparation of the cable of 23 October 2001.

(b) No transcript was made of this conversation as the call was not recorded.

SIEV X

(Question No. 1587)

Senator Milne asked the Minister for Justice and Customs, upon notice, on 15 February 2006:

With reference to the passenger manifest of the SIEV X:

(1) Given that the Government has released two lists of passengers associated with the SIEV X—the first, lists those who disembarked five kilometres after departure, the second, those who survived the sinking and further breaks down the names of those who came to Australia—and has also made reference to a third list, which names passengers who embarked on the SIEV X, will the Government release the third list.

(2) Has the Government made the third list available to the Government of Iraq, either directly or through any of its authorities such as the police or embassy, at any time; if so, when.

(3) Has the Australian Government made the third list available to the post-Saddam regimes in Iraq; if so, when.

(4) Has the Australian Government made the third list available to any other country, either through embassies or directly (for example, police to police contact).

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

The AFP has provided details of passengers as known to the AFP to other countries through Police to Police contact in order to pursue the prosecution of Quassay and Daoed, and to locate and communicate with additional witnesses. These countries include New Zealand, Finland, Denmark, Sweden, Indonesia, Egypt and Norway. The AFP has not circulated any lists of passengers.

Illegal Entry Vessels

(Question No. 1588)

Senator Milne asked the Minister for Justice and Customs, upon notice, on 15 February 2006:

(1) What action was taken by the Australian Federal Police (AFP) in relation to the rescue at sea on 27 March 2001, before the instigation of Operation Relex, of the suspected illegal entry vessel code-named ‘Gelantipy’.

(2) What records are held by the AFP in relation to this vessel.
Senator Ellison—The answer to the honourable senator’s question is as follows:

(1) AFP Officers at Christmas Island were notified at 7:20am on 27 March 2001 by a group of Indonesian fishermen that had arrived at Christmas Island, that an unnamed Indonesian styled wooden boat with 22 people on board was in difficulty and believed to be drifting approximately 15 to 20 nautical miles north of Christmas Island. The AFP Officer in Charge of Christmas Island Police immediately initiated and co-ordinated an air and sea search. This search was conducted using an AFP vessel and a chartered commercial aircraft. About 3:30pm that same day the chartered aircraft located the Indonesian vessel and directed the AFP vessel to it. The AFP subsequently located the vessel now known as SIEV Gelantipy. This SIEV was drifting without power and the passengers were in distress and out of water. The AFP provided water to the passengers and arranged for the Christmas Island Port Authority Barge to attend that location. The passengers from the SIEV Gelantipy were transferred to the Port Authority Barge and conveyed to Christmas Island where they received medical treatment and were subject to Customs, Immigration and Quarantine procedures.

(2) The AFP holds witness statements and other records in relation to the rescue and subsequent processing of the passengers on this vessel.

SIEVX
(Question No. 1590)

Senator Milne asked the Minister for Justice and Customs, upon notice, on 15 February 2006:

(1) Has the Government issued a warrant for the arrest of Miythem Kamil Radhia for his alleged role in assisting the organising of the SIEV X voyage; if not, why not; if so, can the details be provided.

(2) Has the Government issued warrants for the arrest of any persons other than Khaled Daoed and Abu Quassey who were allegedly involved in organising the SIEV X voyage; if not: (a) are any further investigations underway; and (b) if no further investigations are underway, does that mean that Australian authorities have concluded that no one else was involved.

(3) Have Australian authorities contacted BASARNAS (Indonesian Search and Rescue Agency) to see what information it may hold in relation to the SIEV X sinking.

(4) Have Australian authorities contacted the Indonesian Navy to see what information it may hold in relation to the SIEV X sinking.

(5) Have Australian authorities contacted the Indonesian Air Force to see what information it may hold in relation to the SIEV X sinking.

(6) Have Australian authorities contacted the Indonesian National Police Force to see what information it may hold in relation to the SIEV X sinking.

(7) Have Australian authorities contacted any other Indonesian authority to see what information may be held in relation to the SIEV X sinking.

(8) Will the Minister release information received from Indonesian authorities in relation to the sinking of the SIEV X.

(9) What information does the Government have about the transfer of four bodies, said to be victims of the SIEV X, to a storage facility in Indonesia.

(10) In relation to statements made in 2003 by the Australian Federal Police (AFP) that it would approach the Indonesian National Police (INP) seeking permission to release the INP/AFP Memorandum...
dum of Understanding, dated 5 August 1997, and Protocol, dated 15 September 2001, can details of the result of that approach be provided.

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

1. The AFP investigation relating to *SIEV X* is ongoing. A number of witnesses have provided evidence of the involvement of additional suspects in the *SIEV X* matter. Extensive consultation is ongoing with the Commonwealth Director of Public Prosecutions in relation to the sufficiency of evidence to support a prosecution against any remaining suspects.

   As this matter is ongoing it would be inappropriate to comment on details of the investigation, including the existence of arrest warrants for additional suspects.

2. Please see answer (1).

3. Throughout the investigation the AFP has been in contact with representatives of the Indonesian National Police (INP). Matters relating to other Indonesian Authorities have largely been directed through the INP. A number of these enquiries have been unsuccessful.

4. Please see answer (3).

5. Please see answer (3).

6. Please see answer (3).

7. Please see answer (3).

8. Please see answer (1).

9. A search of the AFP holdings on the basis of information provided in the question was unable to locate any information about the transfer of four bodies, said to be victims of the *SIEV X*, to a storage facility in Indonesia. The only information available relating to four bodies was the information provided by telephone by the survivor who spoke to AFP Officers at the Australian Embassy in Jakarta on the evening of 22 October 2001, and subsequently communicated in the Cable sent by AFP Officers attached to the Australian Embassy in Jakarta on 23 October 2001. This information related to four deceased passengers being picked up on a second Indonesian Fishing Boat on 20 October 2001.

10. As this document is an operational document it would be inappropriate to release it.

**Perth Airport**

*(Question No. 1592)*

**Senator Siewert** asked the Minister for the Environment and Heritage, upon notice, on 19 February 2006:

1. Does the Minister recognise that the wetland habitat within the Perth Airport site is one of the priority recommended release habitats for the Western Swamp Tortoise to survive in the wild.

2. Is the Minister aware that the airport managers have recently established on the Bassendean Sands, surrounding Munday Swamp, a very large composting facility adjacent to and up slope from Munday Swamp, which is a nationally significant wetland of high natural and cultural value and ritual and historic associations with turtles.

3. Is the Minister aware of the very poor pollutant attenuation characteristics of Perth’s Bassendean Sands.

4. Is the Minister aware: (a) of 1980s documentation and continued assertions by Indigenous people that a Dreaming track extends through the culturally significant Munday Swamp, to and along the Helena River; (b) that until the 1970s Allawah Grove was an important Wajuk Nyungar settlement on this land; and (c) that the airport area is richly scattered with many documented ancient artefacts of significant Indigenous heritage.
(5) Is the Minister aware that the resolution of a recent workshop attended by the Federal Airports Corporation (FAC) and the Western Australian Conservation and Land Management Authority (CALM), held at the Conservation Council of Western Australia, resolved that areas of natural and cultural value including the natural bushland and wetlands and priority turtle areas surrounding the operational part of the airport be excised from commercial control and placed under the management of the CALM.

(6) Does the Minister support this proposal to protect this area in a CALM managed reserve.

(7) Does the Minister agree that the Commonwealth and state governments have both recently failed to meet their objectives and targets, set out in the National Objectives and Targets for Biodiversity Conservation 2001-2005, especially in relation to action no. 1 (to restore and retain native vegetation and natural ecosystems), in this instance.

(8) What is the Minister planning to do to improve the Government’s record in this regard.

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

(1) Land at the Northern end of Perth Airport is targeted in the Western Swamp Tortoise Recovery Plan 2004 for introduction of the species.

(2) A composting facility has been established for a number of years on Perth Airport. It is not likely to have an impact on Munday Swamp as drainage towards the swamp is primarily from the East. The facility is currently not operational and the Westralia Airport Corporation (WAC) is currently in discussion with local councils to determine the future of the facility.

(3) Yes.

(4) I am aware that Indigenous heritage values have been documented at Munday Swamp since the 1980’s and that Indigenous groups have continued to assert that the area has significance to them. I am also aware that Allawah Grove housed Aboriginal families from the Perth area between 1958 and 1969 as part of what was then known as a ‘Transitional Housing Scheme’.

(5) I am aware of a workshop attended by WAC (not FAC, which has ceased to exist) and CALM in September 2004 which made such a resolution.

(6) I am not aware of the details of the proposal although, in general, I support efforts to protect the important areas of natural bushland and wetlands on the Airport. The Perth Airport Master Plan sets aside substantial areas of land on the Airport for conservation purposes. My Department is in regular discussion with WAC in order to protect remnant native bushlands and wetlands on the Airport.

(7) No. The National Objectives and Targets for Biodiversity Conservation 2001-2005 arose out of a recommendation of the 2001 review of the National Strategy for the Conservation of Australia’s Biological Diversity, as ‘practical targets and measures of accountability’ to support the ongoing implementation of the Strategy. The Strategy is reviewed at five yearly intervals. The next review of the Strategy will be considered by the Natural Resource Management Ministerial Council during 2006.

(8) See (7) above.

Perth Airport Bushland
(Question No. 1594)

Senator Siewert asked the Minister for the Environment and Heritage, upon notice, on 16 February 2006:

(1) How much remnant bushland on the Perth Airport System 6, Area M52, has been cleared since the:
   (a) Western Australian Environment Protection Agency released its System 6 Redbook in 1983;
   (b) Western Australian Government released its final Bush Forever report in 2000;
(c) Federal Government initiated protection of Area M52 under the Australian Heritage Commission Act;
(d) Federal Government enacted the Airports Act 1996.
(e) Federal Government passed through each stage of the Perth Airport master plan process.

(2) How much conservation category wetland has been cleared from the areas described in the Swan Coastal Plain Wetland Atlas in 1996, in the:
(a) System 6 Area M52;
(b) areas initiated for protection on the Register of the National Estate under the Federal Government’s Australian Heritage Commission Act; and
(c) conservation category wetland areas mapped in the Western Australian Government’s Bush Forever study in December 2000.

(3) Does the Minister agree that parts of the natural surroundings of the airport have state significant fauna habitat values for the Quenda, Long Necked Turtle and other species, including proposed historic association with and proposed captive breeding program release areas for the rare and endangered Western Swamp Tortoise.

(4) Does the Minister support the protection of high natural and cultural value areas on the register of the natural estate.

(5) Can the Minister explain why the Commonwealth is not requiring protection of all of the 600 hectares of the high-biodiversity remnant bushland and wetlands recognised under the Western Australian biodiversity strategy called Perth Bush Forever.

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

(1) The 2004-05 Annual Environmental Report produced by Westralia Airports Corporation reports on vegetation cleared in that year. I understand that the Corporation intends to report on clearing in future reports, but the data is not readily available for previous years.

(2) This information is not recorded and, as a consequence, is not readily available.

(3) Yes.

(4) Yes; and I will have regard to the natural and cultural values of places on the Register of the National Estate when making decisions under the Environment Protection and Biodiversity Conservation Act 1999.

(5) The Perth Airport Master Plan, approved by the Minister for Transport and Regional Services, provides for the protection of over 300ha of the highest quality bushland and wetlands on the airport in conservation precincts. The need for protection of other areas of bushland will be considered by the Australian Government on a case by case basis in assessing future development proposals.

Universities Ombudsman
(Question No. 1595)

Senator Allison asked the Minister representing the Minister for Education, Science and Training, upon notice, on 24 February 2006:

With reference to the Senate Employment, Workplace Relations, Small Business and Education References Committee report of 2001, which recommended that a national universities ombudsman be appointed and funded by the Commonwealth (recommendation 12, chapter four):

(1) Are there plans to appoint a universities ombudsman; if so, when and how; if not, why not.

(2) Is there a national policy to provide university staff with a clear mechanism to raise complaints if they believe they are being mistreated by senior officers of a university; if not, why not.
Senator Vanstone—The Minister for Education, Science and Training has provided the following answer to the honourable senator’s question:

(1) The Australian Government does not have plans to appoint a universities ombudsman. As universities are independent institutions, generally established under State or Territory legislation, this is primarily the responsibility of the State and Territory Governments. The Commonwealth Ombudsman has responsibility in respect of institutions established under Commonwealth legislation. There is no evidence that the existing approach requires reform of the type proposed in the 2001 Senate Employment, Workplace Relations, Small Business and Education References Committee’s 2001 report on higher education.

(2) Australian universities are responsible for their own management processes and practices. However, the Australian Government provides funding increases to universities complying with the National Governance Protocols for Higher Education Providers, which stipulate that higher education providers codify internal grievance procedures and publish them with information about the procedure for submitting complaints to the relevant ombudsman or equivalent relevant agency. All universities have chosen to comply with the Protocols with a view to qualifying for the funding increases.

Grievance or dispute procedures are also contained within workplace agreements and policies and are matters for the affected employee and university management to resolve.

Albury-Wodonga Hume Freeway Upgrade Project
(Question No. 1597)

Senator Allison asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 February 2006:

With reference to the Albury-Wodonga Hume Freeway Upgrade Project: Does the project meet AusLink Guidelines; if so, how is the project consistent with the guidelines and what process was put in place to guarantee consistency; if not, how does the project fail to meet the guidelines and what was the role of the Department of Transport and Regional Services in the planning of the project.

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


The role of the Department of Transport and Regional Services in the planning of the project was to liaise with the NSW Roads and Traffic Authority (RTA), review documents and reports produced by the RTA, their consultants and other relevant parties, and advise the Minister on the proposal, including in relation to its compliance with the ALTD Act.

Defence: Arnhem Region
(Question No. 1598)

Senator Mark Bishop asked the Minister representing the Minister for Defence, upon notice, on 27 February 2006:

(1) (a) How many Australian Defence Force (ADF) regulars are stationed at Norforce’s Arnhem Squadron; and (b) what is the average posting time to this base.
(2) (a) Which companies and/or agencies have the ability to supply power to government properties in this region; and (b) what contract arrangements are in place for the supply of power to government properties in Arnhem.

(3) (a) What is the commercial unit rate for the supply for power under this contract; (b) what is the domestic unit rate for the supply of power under this contract; (c) how are these rates determined; and (d) how does the domestic unit rate compare with supply rates at other Northern Territory bases.

(4) (a) What impact have recent increases in petrol prices had on the power supply rates for government properties in Arnhem; and (b) what was the unit (per kw/h) increase for power supply from January 2005 to December 2005.

(5) What allowances are payable to ADF personnel stationed at Norforce’s Arnhem Squadron as compensation for greater electricity costs.

Senator Ian Campbell—The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) (a) There are seven permanent ADF members serving in Nhulunbuy. (b) The normal posting period is two years.

(2) (a) Alcan (Gove) Pty Ltd supplies electrical power to Nhulunbuy. (b) Under an agreement between Alcan and the Federal Government, the mining company recovers all costs for the generation and supply of power to government properties. Defence pays Alcan, via the Nhulunbuy Corporation Ltd which acts as a third party contractor/agent on behalf of Alcan (Gove) Pty Ltd at the government unit rate. Defence members are then liable for their portion of the electricity usage and should be charged at the domestic rate in accordance with Defence Chief Executive Instructions.

(3) (a) The commercial unit rate for the supply of electrical power under this contract is: for the first 6,000 units – 17.97 cents plus GST; for the next 24,000 units – 16.54 cents plus GST and remainder – 12.50 cents plus GST. (b) The domestic unit rate for the supply of power under this contract is 11.01 cents plus GST. (c) These rates are set by Alcan. (d) The domestic unit rate for Darwin and Katherine/RAAF Tindal is 14.02 cents.

(4) (a) The government unit rate charged by Alcan for the provision of electricity to government properties in Arnhem has increased by 42% as a result of increases in the cost of fuel oil and diesel. (b) The government unit (per kw/h) rate for power supply has increased from 15.41 cents for the quarter ending 31 March 2005 to 21.88 cents for the quarter ending 31 December 2005. The domestic unit rate and commercial unit rate (as discussed in Question 3) have not changed during this period.

(5) ADF District allowance is paid to ADF members posted to Grade E remote locations, including Nhulunbuy, at the rates of: member with dependants - $11,430 pa; member with dependants (separated) and member without dependants - $5,715 pa. This allowance compensates for service in a location in Australia that involves hardship caused by remoteness, harsh climate and cost of living, including higher than normal electricity costs associated with the prolonged need to run air-conditioners.

Singapore Airlines
(Question No. 1600)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 27 February 2006:
Will the Minister release the economic modelling that shows that providing Singapore Airlines with access to the trans-Pacific route would not advantage the Australian economy; if not, why not.
Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

No. The economic modelling conducted by my Department was an element of the internal review of international air services policy that was recently considered by the Government.

It is not the practice of the Government to make such material available.

Qantas
(Question No. 1601)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 27 February 2006:

Has the Minister sought advice on the impact of operation of section 7(1)(h) of the Qantas Sale Act 1992 on Qantas’ capacity to outsource its heavy maintenance to Asia; if so: (a) when was the advice requested; (b) when was the advice received; (c) who provide the advice; and (d) can the advice be made available; if not; why not.

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

Advice concerning the operation of the Qantas Sale Act 1992, including section 7(1)(h), was provided by my Department in the context of the review of international air services policy recently considered by the Government.

It is not the practice of this Government to make available advice relating to issues considered in Cabinet deliberations.

National Environmental Significance Review
(Question No. 1609)

Senator Bob Brown asked the Minister for the Environment and Heritage, upon notice, on 2 March 2006:

With reference to the review of matters of national environmental significance required under section 28A of the Environment Protection and Biodiversity Conservation Act 1999:

(1) (a) Was a report under section 28A due on 16 July 2005; and (b) has it been completed; if not, why not.

(2) (a) Was public comment sought on a scoping process for the National Environmental Significance (NES) review between 1 April 2005 and 2 May 2005; (b) how many submissions were received; (c) from whom; and (d) why have they not been made public.

(3) (a) Why, after 10 months, has no draft NES review report been produced; (b) when will it be available; and (c) when will the entire review be completed.

(4) (a) Can a list be provided of additional or amended matters of national environmental significance proposed in the submissions to the NES review; and (b) do they include climate change, clearing of native vegetation, water extraction and forestry operations.

(5) Can a list be provided of any other reviews or decisions under the Act which are overdue.

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

(1) (a) No. (b) The review has been commenced but not completed as it is dealing with a number of complex issues.

(2) (a) Public comment was sought between 1 April 2005 and 2 May 2005 on the matters to be covered by the review report.
(b) (c) and (d) Information about the submissions will be provided in the draft report, which will be released for public comment.

(3) (a) The review has been commenced but not completed as it is dealing with a number of complex issues.

(b) and (c) My intention is to finalise the review as soon as it can reasonably be completed.

(4) (a) and (b) Information about the submissions will be provided in the draft report, which will be released for public comment.

(5) As required by subsection 518(2) of the EPBC Act annual reports on the operation of the Act contain information on non-compliance with time-frames.

India: Nuclear Cooperation Agreement

(Question No. 1613)

Senator Allison asked the Minister representing the Minister for Foreign Affairs, upon notice, on 9 March 2006:

(1) Was the Government briefed by the United States (US) Administration on the nuclear cooperation agreement reached last week between the US and India; if so, when and by whom.

(2) As part of the agreement, does India retain the right to deny United Nations inspectors access to a ‘fast-breeder’ reactor suitable for producing weapons-grade fissile material.

(3) Is it also the case that since India refused to agree to a cap, there is no limit on the expansion of its nuclear arsenal.

(4) Is the Government aware that President Bush is quoted as saying, at a gathering of students at Hyderabad, ‘When a fast-growing country like India consumes more fossil fuels, it causes the price of fossil fuels to go up not only in India, but around the world.’

(5) Does the Government consider it legitimate to risk the proliferation of nuclear weapons in order to reduce competition for world oil.

(6) Does the Government have any information to suggest that making India more prosperous and well-armed is a US hedge against Chinese military ambitions, as has been suggested in the press.

(7) Does the Government consider that the supply of uranium and nuclear technology to India is: (a) appropriate; and (b) likely to undermine nuclear non-proliferation and encourage non-nuclear nations to proceed with bomb building programs; if so, why; if not, why not.

(8) Can details be provided of what representations were made by the Government to the US Administration on the matter of its nuclear cooperation agreement with India.

(9) Is the Minister aware that Mr Ashley J Tellis, a senior US State Department official and a key architect of the new strategic policy on India, has argued that a build-up of India’s nuclear arsenal is not only in New Delhi’s interest, but Washington’s, as it will cause Beijing to worry more about India and less about the United States.

(10) Does Australian intelligence support reports that India is engaged in a massive arms buying spree; if so, what is the extent of this.

(11) Does the Government consider there is a risk that this agreement with India will encourage China to undertake a similar arrangement with Pakistan.

(12) By what process will the Government arrive at a decision whether Australia will join the US in allowing Australian uranium to be sold to India.

(13) What conditions would apply to uranium sales from Australia to India.
Senator Coonan—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) The Government learnt of the contents of the agreement reached between the US and India when the agreement was announced jointly by the US President and the Indian Prime Minister on 2 March 2006.

(2) Under the agreement India has undertaken to separate its civilian nuclear energy sector from its military sector. As part of that undertaking it intends keeping its prototype Fast Breeder Reactor (PFBR) and Fast Breeder Test Reactor (FBTR), both located at Kalpakkan, separate from its civilian reactors which are to be subject to IAEA safeguards.

(3) The agreement does not aim to regulate India’s nuclear weapons arsenal but to separate India’s nuclear energy sector from its military sector and place the civilian sector under IAEA safeguards.

(4) Yes

(5) No

(6) The Government understands that the United States is seeking to support the development of India’s civil nuclear program so as to help in meeting India’s rising energy needs in an environmentally-friendly manner which will bring India further into the international non-proliferation mainstream.

(7) (a) Australia has a longstanding policy of only selling uranium to countries that are party to the NPT and with whom Australia has a safeguards agreement. In April 2005 Mr Downer announced that the Additional Protocol on strengthened IAEA safeguards would be made an additional condition for supply of Australian uranium. India is not an NPT party, nor does Australia have a safeguards agreement with it, nor has it yet signed an Additional Protocol.

(b) India has a good record of preventing onwards proliferation of its nuclear materials and technologies.

(8) Since July 2005, when President Bush and Prime Minister Singh announced in Washington an agreement on facilitating civil nuclear cooperation with India, there have been discussions between Australian officials and their US counterparts to seek more information on US intentions for implementing the agreement.

(9) I have received no advice from my department on Mr Tellis’ views.

(10) Consistent with the practice of successive governments, I do not intend to comment on intelligence matters.

(11) The Chinese Government has given no indication that the US agreement with India is likely to prompt a substantial change in China’s relations with Pakistan.

(12) It is a matter for the Australian government to determine its policy on exports of Australian uranium. Australia has a longstanding policy of only selling uranium to countries that are party to the NPT and with which we have a bilateral safeguards agreement, and there are no current intentions to change that policy.

(13) See response to (12) above.

Australian Crime Commission: Manager of Investigations

Senator Ludwig asked the Minister for Justice and Customs, upon notice, on 14 March 2006:

(1) Did the Australian Crime Commission (ACC) appoint Kathleen Florian to the position of manager of investigations in Queensland.
QUESTIONS ON NOTICE

2) Was her new position confirmed in an email to ACC staff.
3) Did the ACC subsequently give the job to Marty Nicholson.
4) Did the ACC then confirm him in the position in an email to staff.
5) What was the reason for this change.

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

1) No, the ACC has not operated with managers investigations since November 2005. The ACC has operations managers who may perform a range of functions and their roles may change according to ACC priorities. The operations managers may be required to perform one or more of the following roles according to changing organisational requirements:

- Head of Determination (HoD) - Leading national special investigations or intelligence operations,
- Operational Team Leader - Senior Determination team leader on the ground, working to a HoD,
- Regional Operational Coordinator - Responsible for operational coordination, liaison & management at designated regional offices, or
- Functional Manager - Managing a functional unit, i.e. Surveillance.

Ms Florian remains an operations manager and has undertaken a number of these roles. She is currently a Head of Determination (HoD).

2) Ms Florian’s appointments were communicated to staff via email.
3) No, Detective Inspector Mickelson (not Nicholson) is currently an ACC Operations Manager.
4) Staff were advised of his appointment by email.
5) Not applicable.

Superannuation Funds
(Question No. 1622)

Senator Sherry asked the Minister representing the Minister for Revenue and Assistant Treasurer, upon notice, on 15 March 2006:

(a) What is the total number of self managed superannuation funds; and (b) the total number of self managed superannuation fund members, in the following asset ranges:

(i) less than $50 000,
(ii) between $50 000 and $100 000,
(iii) between $100 000 and $200 000,
(iv) between $200 000 and $300 000, and
(v) more than $300 000.

Senator Coonan—The Minister for Revenue and Assistant Treasurer has provided the following answer to the honourable senator’s question:

As these questions deal with matters that are the responsibility of the Australian Taxation Office, I have asked the Commissioner for advice. The advice in relation to the honourable Senator’s questions is as follows:

(a) The total number of self managed superannuation funds as at the end of December 2005 is 312,657.
QUESTIONS ON NOTICE

(b)  

<table>
<thead>
<tr>
<th>Assets Range of Funds</th>
<th>Number of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) $0 - $50,000</td>
<td>63,590</td>
</tr>
<tr>
<td>(ii) $50,001-$100,000</td>
<td>48,952</td>
</tr>
<tr>
<td>(iii) $100,001- $200,000</td>
<td>76,978</td>
</tr>
<tr>
<td>(iv) $200,001 - $300,000</td>
<td>56,087</td>
</tr>
<tr>
<td>(v) &gt;$300,000</td>
<td>202,595</td>
</tr>
<tr>
<td>TOTAL</td>
<td>448,202</td>
</tr>
</tbody>
</table>

(Note: The data in this table was sourced from 2003-04 financial year income tax/regulatory returns lodged by self managed superannuation funds. The information is current as at 29 March 2006)

**Tiwi Forestry Operations**

*(Question No. 1626)*

**Senator Milne** asked the Minister for the Environment and Heritage, upon notice, on 21 March 2006:

With reference to the answer to question on notice no. 1463 (Senate Hansard, 9 February 2006, p. 220):

(1) Is the Minister aware that, according to the 2002-03 Annual Report of the Tiwi Land Council, Tiwi forest clearing operations, approved under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC), commenced in early 2003 and not 2004 as stated in the Minister’s answer.

(2) Given that, under condition 11 of the EPBC approval (as amended), the audit of this forest clearing project is required to be forwarded to the Minister within 6 months after the triennial anniversary of the commencement of the action, will the Minister immediately require that this audit be carried out; if not, why not.

(3) Given that conditions 5, 6, 7 and 10 require that APG (now Great Southern Plantations Ltd) and the Tiwi Land Council produce plans, studies, reports and agreements for presentation to and the approval of the Minister: (a) has each of these documents been completed and presented to the Minister; and (b) has each been approved by the Minister; if not, why not.

**Senator Ian Campbell**—The answer to the honourable senator’s question is as follows:

(1) Consistent with my previous response, I can confirm that the Tiwi forestry operations approved under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) (including the clearing of native forest) did not commence until April 2004. Forestry operations on the Tiwi Islands have been ongoing for many years in accordance with approvals granted under relevant Territory and/or Commonwealth legislation, including the repealed and replaced Environment Protection (Impact of Proposals) Act 1974. The reference in the 2002-03 Annual Report of the Tiwi Land Council to 2003 as the year “timber forestry harvest commenced” refers to the commencement in that year of harvesting of native timber from areas with these previous approvals rather than any of the EPBC-approved operations. Until that time, native forests had been burnt as a means of clearing for plantation establishment.

(2) In accordance with condition 11 of the EPBC approval, an audit of compliance is due within 6 months of April 2007. As stated in my previous answer, the Tiwi Land Council and Great Southern Plantations agreed to conduct a voluntary audit of compliance with the EPBC Act approval conditions. This audit was undertaken in February 2006 and the report is currently being finalised by the auditor.

(3) (a) Documents required by conditions 5, 6, 7 and 10 have been completed. The documents required by conditions 5 and 7 have been presented to my delegate for approval. A draft of the document required by condition 6 has been received. This document must be approved prior to the triennial an-
niversary of the commencement of the action - April 2007. (b) Yes. The documents required by conditions 5 and 7 have been approved. There is no requirement for Ministerial approval of the agreement required by condition 10.

Marine Worms
(Question No. 1629)

Senator O’Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:

(1) Has the officer investigating the claim against the Government by Marnic Worldwide Pty Ltd, or any other person acting on his or her behalf, sought technical, expert or other independent advice about the nature of the claim and the role of the department and agencies in the assessment of the application for the permit to import marine worms and the issuing of that permit; if so: (a) what advice has been sought; (b) who has provided that advice; (c) who determined what individuals or organisations would be asked to provide advice; and (d) in each case, when was the advice provided and what was the cost of its provision.

(2) Regarding the above investigation: (a) when did the investigation commence; (b) who authorised it; and (c) when did the investigation conclude.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) (a) and (b) Advice has been sought from:

- the Department’s legal representative (MinterEllison Lawyers) in respect of the legal issues concerning the claim, in particular the application of the CDDA scheme guidelines;
- the Department of Finance and Administration in relation to application of the CDDA scheme guidelines;
- officers of the Corporate Policy and Governance Branch of the Department in respect to the processes relating to the CDDA scheme; and
- officers of the Australian Quarantine and Inspection Service and Biosecurity Australia in respect of matters of fact and technical issues surrounding the claim.

(c) Corporate Policy and Governance Branch and the officer investigating the claim.

(d) Advice has been provided on an ongoing basis throughout the investigation. The cost to 28 February 2006 of legal advice was $68,675.26. All other advice was either not charged or costed.

(2) (a) Preliminary assessment of the eligibility of the claim commenced in August 2005, following receipt of the claim that was forwarded from the Parliamentary Secretary to the Minister for Finance and Administration. An investigations officer was appointed on 7 November 2005.

(b) Minister for Agriculture, Fisheries and Forestry.

(c) Stage 1 of the investigation, which assessed if defective administration had occurred, concluded on 23 February 2006. Stage 2, which will determine if the claimant has suffered any actual detriment and determine the level of compensation to be offered to the claimant, is underway.

Marine Worms
(Question No. 1630)

Senator O’Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:
(1) When and how did Marnic Worldwide Pty Ltd advise Australian Quarantine and Inspection Service (AQIS) officers that gamma irradiation would destroy the integrity of marine worms.
(2) When did AQIS seek advice on an alternative to gamma irradiation.
(3) When was that advice received.
(4) Who provided that advice.
(5) What was the cost of that advice.
(6) When did AQIS accept Marnic’s advice and consent to an alternative process.
(7) Who made that decision and why.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:
(1) A four page document provided to AQIS, dated 27 November 2002 indicated Marnic had investigated gamma irradiation and that the process affected the quality of the product.
(2) No advice on an alternative to gamma irradiation was sought prior to issuing Marnic with an import permit.
(3) See question 2.
(4) See question 2.
(5) Nil.
(6) 7 April 2003.
(7) The Delegate of the Director of Quarantine signed the import permit in accordance with their obligations under the Quarantine Act 1908.

Marine Worms
(Question No. 1631)

Senator O’Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:
(1) Is it the case that any importation of marine worms would require a permit.
(2) Can the Minister confirm that a permit to import marine worms was first issued by the Australian Quarantine and Inspection Service (AQIS) to Marnic Worldwide Pty Ltd on 7 April 2003.
(3) Can the Minister confirm that AQIS holds a copy of the permit assessment underpinning the issuing of that permit.
(4) Can the Minister confirm that prior to the issuing of that permit there were five shipments of marine worms cleared by AQIS for entry into Australia.
(5) Can the Minister confirm that these shipments were approved and that each of the following ‘final release certificates’ were issued:
   (a) 31 January 2003 – Final Release from Quarantine certificate number W030000739;
   (b) 4 February 2003 – Final Release from Quarantine certificate number 5130340445D;
   (c) 5 February 2003 – Final Release from Quarantine certificate number W030000831;
   (d) 22 February 2003 – Final Release from Quarantine certificate number W030001214; and
   (e) 18 March 2003 – Final Release from Quarantine certificate number 618-31118835.
(6) On what basis were these sample shipments cleared by AQIS in the absence of an import permit.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:
(1) Yes if for bait, no if preserved and fixed and for display or in vitro end use only.
(2) Yes.
(3) Yes.
(4) Yes.
(5) Yes for all, except (e) is an airway bill number and the Final Release from Quarantine certificate number is 5I30770224N.
(6) As the shipments were samples and imported with an end use of in vitro only, all shipments were legally imported according to Table 13 Section 38 of the Quarantine Proclamation 1998 that permits the importation of dead animals and animal parts preserved in 70% alcohol for in vitro purposes without an import permit.

**Marine Worms**

(Question No. 1632)

**Senator O’Brien** asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:

(1) Is it the case that in addition to the Marnic Worldwide Pty Ltd application to import marine worms there was a second application lodged with the Australian Quarantine and Inspection Service (AQIS).
(2) (a) On what date was that second application made; (b) who made the application; and (c) how was the application made.
(3) Was there material attached to the second application that related to a proposed protocol for the importation of marine worms; if so: (a) did that additional material refer to the process of preserving marine worms in alcohol as an effective means to ensure the worms did not present a quarantine risk; and (b) did the material attached to this second application propose the worms be preserved in 70 per cent alcohol for a period of one hour or three hours.
(4) On what date was the second application referred to Biosecurity Australia.
(5) On what date and in what form did Biosecurity Australia advise AQIS about the conditions that should be applied to the second application.
(6) What were those conditions.

**Senator Abetz**—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) Yes.
(2) (a) The application to import was first received 26 October 2004.  
       (b) Importers’ details are treated by AQIS as being commercial-in-confidence and therefore are unable to be publicly disclosed.  
       (c) The application was faxed on 26 October 2004. A posted copy was also received on the 29 October 2004.
(3) Yes a proposed protocol was attached.  
       (a) Product and processing details are treated by AQIS as being commercial-in-confidence and therefore are unable to be publicly disclosed.  
       (b) See 3 (a) above.
(4) The application was referred to Biosecurity Australia on 3 November 2004.
(5) Biosecurity Australia provided advice to AQIS by email on the 4 November 2004.
(6) Biosecurity Australia advised AQIS that the production processes outlined in the application to import were inadequate and that it did not support the application.

**Marine Worms**  
*Question No. 1633*

Senator O'Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:

1. Is it the case that the Australian Quarantine and Inspection Service (AQIS) received a request from Marnic Worldwide Pty Ltd to add a new Indonesian competent authority to its permit.
2. (a) On what date was this application to add a new competent authority received; (b) on what date was the application provided to Biosecurity Australia for advice; (c) on what date was that advice received from Biosecurity Australia; and (d) on what date was Marnic Worldwide Pty Ltd advised of the outcome of the Biosecurity Australia assessment.
3. Did AQIS advise Biosecurity Australia that the existing permit would need to be revoked prior to Biosecurity Australia viewing the competent authority application documents.
4. Can the Minister confirm that Biosecurity Australia holds a copy of an assessment of the quarantine risk associated with the importation of marine worms, which includes White Spot Syndrome and Whirlings Disease.
5. Did this assessment lead to the revocation of permit number 300615340 in November 2004.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

1. Yes.
2. (a) On 22 October 2004, Marnic faxed AQIS a letter requesting a non-accredited certifying body in Indonesia be added to their import permit.
   (b) A correspondence register records the request was forwarded to Biosecurity Australia on 26 October 2004.
   (c) No advice was received regarding the competent authority from Biosecurity Australia.
   (d) See 2 (c) above.
3. No.
4. Biosecurity Australia has not conducted a formal risk assessment of the potential disease risks associated with the importation of marine worms. However, a document was provided to the lawyers representing Marnic Worldwide Pty Ltd at their request which provides the scientific basis for Biosecurity Australia not supporting the importation of dead marine worms (polychaetes) for use as fishing bait that have been treated with alcohol.
5. No, assuming the permit is read as 200315640. AQIS has no record of a permit number 300615340.

**Marine Worms**  
*Question No. 1634*

Senator O’Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:

1. Can the Minister confirm that Marnic Worldwide Pty Ltd provided the Australian Quarantine and Inspection Service (AQIS) with details of a number of diseases associated with marine worms that would be of quarantine concern to Australia.
(2) Is it the case that disease risks associated with the importation of marine worms are similar to those associated with the importation of farmed prawns from China.

(3) Is it the case that farmed marine worms are, in some cases, grown in the same ponds used for the farming of prawns.

(4) Is it the case that prawns are the prime vectors for White Spot Syndrome and Whirlings Disease and that worms are the secondary, lesser recipient.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) No.

(2) Biosecurity Australia has not conducted a formal risk assessment of the potential disease risks associated with the importation of marine worms and therefore is not in a position to make comparisons with the risks associated with the importation of farmed prawns from China.

(3) In the absence of a formal quarantine risk assessment of marine worms being undertaken, Biosecurity Australia has no specific information on combined farming practices for marine worms and prawns in China.

(4) The movement of live prawns is the prime means of spreading white spot syndrome virus (WSSV). However, uncooked prawns can be a potential means of spreading WSSV. Australia therefore imposes strict quarantine conditions on the importation of uncooked prawns for human consumption including size limitations, health certification from the relevant government authority in the exporting country, a testing regime for WSSV and post-arrival inspection in Australia by AQIS. Prawns are not known to be a vector of whirling disease, which is primarily a disease of juvenile rainbow trout. There is very little scientific information available on the potential role that marine worms might play in the spread of WSSV.

Marine Worms
(Question No. 1635)

Senator O’Brien asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 21 March 2006:

(1) Can the Minister confirm that all documents associated with the application from Marnic Worldwide Pty Ltd to import marine worms, lodged on 4 April 2003, are still held by AQIS; if not, on what basis were documents lodged as part of this application not retained by AQIS.

(2) If all documents lodged as part of the above application were not retained: (a) who made that decision; (b) on what dates were these decisions made; (c) how were the documents destroyed; and (d) when were the documents destroyed.

(3) Was a National Australia Bank cheque supplied by the applicant with these documents deposited into an AQIS or departmental account; if so, on what date; if not, why not.

Senator Abetz—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) All documents submitted with the application lodged with AQIS on 20 March 2003 (application number 2003-03-1687) are still held by AQIS. AQIS is unaware of an application lodged on 4 April 2003.

(2) See (1) above.

(3) No. Although on 3 April 2004 Marnic Worldwide Pty Ltd sent an email to AQIS stating a National Australia Bank cheque number 000508 would be cancelled. The application fee was paid by cash on 2 April 2004.
**Saxon Ranger**  
*(Question No. 1645)*

Senator Siewert asked the Minister for the Environment and Heritage, upon notice, on 24 March 2006:

1. Can the Minister confirm that the City of Rockingham has complied with condition 24 on artificial reef permit 062 requiring a long-term management plan to monitor the condition of the *Saxon Ranger*, which was sunk in May 2005; if not: (a) has the Minister received any information from the City of Rockingham as to when this information will be forthcoming; if so, when; (b) what action has the Minister taken in relation to non-compliance by the City of Rockingham, and/or what action is intended

2. If the City of Rockingham has complied with Condition 24 on artificial reef permit 062, can a copy of any such report or management plan be provided.

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

1. A copy of the long term plan to monitor the condition of the *Saxon Ranger* was submitted to the Department on 19 April 2005.

2. Yes. A copy of the plan has been provided to the honourable senator and is available from the Table Office.