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RADIO BROADCASTS

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- **GOLD COAST** 95.7 FM
- **MELBOURNE** 1026 AM
- **ADELAIDE** 972 AM
- **PERTH** 585 AM
- **HOBART** 747 AM
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- **DARWIN** 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—NINTH 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. Eric Abetz
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. Nigel Gregory Scullion
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 Stephen Parry and Julian John James McGauran
Nationalists Whip—Senator Fiona Joy Nash
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
Family First Party Whip—Senator Steve Fielding

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## Members of the Senate

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(1) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. Santo Santoro, 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.

(6) Chosen by the Parliament of South Australia to fill a casual vacancy vice Jeannie Margaret Ferris, died in office.

(7) Chosen by the Parliament of South Australia to fill a casual vacancy vice Hon. Amanda Eloise Vanstone, 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

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HOWARD MINISTRY

Prime Minister
Minister for Transport and Regional Services and Deputy Prime Minister
Treasurer
Minister for Trade
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 Citizenship
Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues
Minister for Families, Community Services and Indigenous Affairs and 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 Water Resources
Minister for Human Services

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
The Hon. Kevin James Andrews MP
The Hon. Julie Isabel Bishop MP
The Hon. Malcolm Thomas Brough MP
The Hon. Ian Elgin Macfarlane MP
The Hon. Joseph Benedict Hockey MP
Senator the Hon. Helen Lloyd Coonan
The Hon. Malcolm Bligh Turnbull MP
Senator the Hon. Christopher Martin Ellison

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

Minister for Fisheries, Forestry and Conservation and Manager of Government Business in the Senate
Senator the Hon. Eric Abetz

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

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

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

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

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
The Hon. Bruce Frederick Billson MP

Special Minister of State
The Hon. Gary Roy Nairn MP

Minister for Ageing
The Hon. Christopher Maurice Pyne MP

Minister for Vocational and Further Education
The Hon. Andrew John Robb MP

Minister for the Arts and Sport
Senator the Hon. George Henry Brandis SC

Minister for Community Services
Senator the Hon. Nigel Gregory Scullion

Minister for Justice and Customs
Senator the Hon. David Albert Lloyd Johnston

Assistant Minister for Immigration and Citizenship
The Hon. Teresa Gambaro MP

Assistant Minister for the Environment and Water Resources
The Hon. John Kenneth Cobb MP

Parliamentary Secretary to the Prime Minister
The Hon. Anthony David Hawthorn Smith MP

Parliamentary Secretary to the Minister for Transport and Regional Services
The Hon. De-Anne Margaret Kelly MP

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

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

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

Parliamentary Secretary to the Minister for Foreign Affairs
The Hon. Gregory Andrew Hunt MP

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

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

Parliamentary Secretary to the Minister for Defence
The Hon. Peter John Lindsay MP

Parliamentary Secretary to the Minister for Health and Ageing
Senator the Hon. Brett John Mason
SHADOW MINISTRY

Leader of the Opposition
Kevin Michael Rudd MP

Deputy Leader of the Opposition, Shadow Minister for Employment and Industrial Relations and Shadow Minister for Social Inclusion
Julia Eileen Gillard MP

Leader of the Opposition in the Senate and Shadow Minister for National Development, Resources and Energy
Senator Christopher Vaughan Evans

Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology
Senator Stephen Michael Conroy

Shadow Minister for Infrastructure and Water and Manager of Opposition Business in the House
Anthony Norman Albanese MP

Shadow Minister for Homeland Security, Shadow Minister for Justice and Customs and Shadow Minister for Territories
The Hon. Archibald Ronald Bevis MP

Shadow Assistant Treasurer and Shadow Minister for Revenue and Competition Policy
Christopher Eyles Bowen MP

Shadow Minister for Immigration, Integration and Citizenship
Anthony Stephen Burke MP

Shadow Minister for Industry and Shadow Minister for Innovation, Science and Research
Senator Kim John Carr

Shadow Minister for Trade and Shadow Minister for Regional Development
The Hon. Simon Findlay Crean MP

Shadow Minister for Service Economy, Small Business and Independent Contractors
Craig Anthony Emerson MP

Shadow Minister for Multicultural Affairs, Shadow Minister for Urban Development and Shadow Minister for Consumer Affairs
Laurence Donald Thomas Ferguson MP

Shadow Minister for Transport, Roads and Tourism
Martin John Ferguson MP

Shadow Minister for Defence
Joel Andrew Fitzgibbon MP

Shadow Minister for Climate Change, Environment and Heritage and Shadow Minister for the Arts
Peter Robert Garrett MP

Shadow Minister for Veterans’ Affairs, Shadow Minister for Defence Science and Personnel and Shadow Special Minister of State
Alan Peter Griffin MP

Shadow Attorney-General and Manager of Opposition Business in the Senate
Senator Joseph William Ludwig

Shadow Minister for Sport and Recreation, Shadow Minister for Health Promotion and Shadow Minister for Local Government
Senator Kate Alexandra Lundy

Shadow Minister for Families and Community Services and Shadow Minister for Indigenous Affairs and Reconciliation
Jennifer Louise Macklin MP

Shadow Minister for Foreign Affairs
Robert Bruce McClelland MP

Shadow Minister for Ageing, Disabilities and Carers
Senator Jan Elizabeth McLucas
| Shadow Minister for Federal/State Relations, Shadow Minister for International Development Assistance and Deputy Manager of Opposition Business in the House | Robert Francis McMullan MP |
| Shadow Minister for Primary Industries, Fisheries and Forestry | Senator Kerry Williams Kelso O’Brien |
| Shadow Minister for Human Services, Shadow Minister for Housing, Shadow Minister for Youth and Shadow Minister for Women | Tanya Joan Plibersek MP |
| Shadow Minister for Health | Nicola Louise Roxon MP |
| Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services | Senator the Hon. Nicholas John Sherry |
| Shadow Minister for Education and Training | Stephen Francis Smith MP |
| Shadow Treasurer | Wayne Maxwell Swan MP |
| Shadow Minister for Finance | Lindsay James Tanner MP |
| Shadow Minister for Public Administration and Accountability, Shadow Minister for Corporate Governance and Responsibility and Shadow Minister for Workforce Participation | Senator Penelope Ying Yen Wong |
| Shadow Parliamentary Secretary for Foreign Affairs | Anthony Michael Byrne MP |
| Shadow Parliamentary Secretary for Defence and Veterans’ Affairs | The Hon. Graham John Edwards MP |
| Shadow Parliamentary Secretary for Environment and Heritage | Jennie George MP |
| Shadow Parliamentary Secretary for Treasury | Catherine Fiona King MP |
| Shadow Parliamentary Secretary for Education | Kirsten Fiona Livermore MP |
| Shadow Parliamentary Secretary to the Leader of the Opposition | John Paul Murphy MP |
| Shadow Parliamentary Secretary for Industrial Relations | Brendan Patrick John O’Connor MP |
| Shadow Parliamentary Secretary for Industry and Innovation | Bernard Fernando Ripoll MP |
| Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs | The Hon. Warren Edward Snowdon MP |
| Shadow Parliamentary Secretary to the Leader of the Opposition (Social and Community Affairs) | Senator Ursula Mary Stephens |
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Tuesday, 12 June 2007

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

REPRESENTATION OF SOUTH AUSTRALIA

The PRESIDENT (12.30 pm)—I have received, through the Governor-General, from the Governor of South Australia, a facsimile copy of the certificate of the choice by the houses of parliament of South Australia of Mary Josephine Fisher as a senator to fill the vacancy caused by the resignation of Amanda Vanstone. I table the document.

SENATOR SWORN

Senator Mary Josephine Fisher made and subscribed the oath of allegiance.

REPRESENTATION OF WESTERN AUSTRALIA

The PRESIDENT (12.35 pm)—I wish to inform the Senate that I have received a letter from Senator Ian Campbell resigning his place as a senator for the state of Western Australia. Pursuant to the provisions of section 21 of the Constitution, I have notified the Governor of Western Australia of the vacancy in the representation of that state caused by the resignation. I table the letter and a copy of my letter to the Governor of Western Australia.

BUSINESS

Rearrangement

Senator ABETZ (Tasmania—Manager of Government Business in the Senate) (12.36 pm)—I move:

That, on Tuesday, 12 June 2007:

(a) the hours of meeting shall be 12.30 pm to 6.30 pm and 7.30 pm to adjournment;

(b) the routine of business from 7.30 pm shall be government business only; and

(c) the question for the adjournment of the Senate shall be proposed at 10 pm.

Question agreed to.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2007

TAX LAWS AMENDMENT (2007 BUDGET MEASURES) BILL 2007

First Reading

Bills received from the House of Representatives.

Senator ABETZ (Tasmania—Minister for Fisheries, Forestry and Conservation) (12.37 pm)—I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Senator BARTLETT (Queensland) (12.37 pm)—by leave—I want to speak briefly to the part of the motion asking that the bills be taken together, and I believe I can. I make the point that the Democrats had requested that these bills not be taken together, that they be dealt with separately. They both deal with substantial and significant taxation matters. Certainly we do not wish to delay passage of them, but, given that they deal with substantial and significant matters each in their own right, we believe they each merit individual examination through the second reading stage. I want to record that as our preference. I am not going to go on at length about it, but I think it is preferable that convention applies: that, if a senator does not want them to be taken together, it not happen unless there are compelling circumstances. I do not think any exist in this case. I simply want to put that on the record. Senator Murray will nonetheless speak to them both in as much detail as he
can, but we would prefer it if they were separated.

Question agreed to.

Bills read a first time.

Second Reading

Senator ABETZ (Tasmania—Minister for Fisheries, Forestry and Conservation) (12.37 pm)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2007

The measures contained in this Bill will cut personal income tax for all Australian taxpayers from 1 July 2007. The tax cuts are another step in this Government’s comprehensive tax reform that has seen income tax cut in the last four budgets.

It is the Government’s policy to keep the tax burden as low as possible, once necessary Government services have been funded. Lowering the tax burden will enhance work incentives, improve participation and increase the capacity of the Australian economy.

The tax cuts in this Bill will take effect in two stages: from 1 July 2007 and 1 July 2008.

From 1 July this year, the Government will increase the 30 per cent marginal tax rate threshold so that the 15 per cent marginal rate will apply up to $30,000 of income, an increase in the threshold of $5,000.

The low income tax offset will be increased from $600 to $750 from 1 July 2007. It will begin to phase-out at the start of the new 30 per cent threshold, $30,000, compared to $25,000 currently. This means that those eligible for the full low income tax offset will not pay tax until their annual income exceeds $11,000.

From 1 July next year the threshold for the 40 per cent rate will rise from $75,001 to $80,001 and the threshold for the 45 per cent rate will rise from $150,001 to $180,001.

Senior Australians who are eligible for the senior Australians tax offset will not pay tax on their annual income up to $25,867 for singles and up to $43,360 for couples for 2007-08.

Overall, in percentage terms, the greatest tax cuts have once again been provided to low-income earners. These tax changes will ensure that more than 80 per cent of taxpayers face a top marginal tax rate of only 30 per cent or less over the next four years. Taxpayers earning $30,000 paid $6,222 in income tax in 1999. From 1 July 2007 they will only pay $2,850—more than halving their tax.

The increase in the 30 per cent threshold and the low income tax offset will provide more incentive for those outside the workforce to re-enter it and those in part-time work to take-on additional hours.

For 2007-08 taxpayers will not reach the highest marginal tax rate until they earn more than three and a half times average weekly earnings.

Increasing the top threshold will improve the competitiveness of Australia’s tax system compared with other OECD countries. By next year, relative to an average wage, Australia’s top threshold will be the eighth highest in the OECD. Three years ago we were 20th.

Seven years ago, the threshold for the top marginal tax rate was $50,000. If this threshold had been indexed when this Government came to office in 1996, it would have stood at below $68,000 by 1 July next year. Under the Government’s reforms and this Bill, by 1 July 2008 that threshold will be $180,001.

This package provides $31.5 billion of benefit to taxpayers over four years and reinforces Australia’s reputation as a low-tax country. These tax cuts continue the reforms to the personal income tax system, to increase disposable income, to enhance incentives for participation and to improve Australia’s international competitiveness.

Full details of the measures in this Bill are contained in the explanatory memorandum.
TAX LAWS AMENDMENT (2007 BUDGET MEASURES) BILL 2007

This Bill increases the dependent spouse tax offset from $1,655 to $2,100 with effect from 1 July 2007. The full dependent spouse tax offset is available to a resident taxpayer who contributes to the maintenance of a resident spouse whose separate net income does not exceed $282. The rebate is reduced by $1 for every $4 by which the dependent spouse’s separate net income exceeds $282. This measure will increase the separate net income at which the tax offset is completely phased-out from $6,901 to $8,681.

In addition, the Bill increases the Medicare levy low-income thresholds for individuals and families in line with increases in the Consumer Price Index. The low-income threshold in the Medicare levy surcharge provisions will similarly be increased. These changes will ensure that low-income individuals and families will continue to be exempt from the Medicare levy or surcharge.

The Bill will also increase the Medicare levy low-income threshold for pensioners below age pension age to ensure that where these pensioners do not have a tax liability, they will also not have a Medicare levy liability.

The amendments to the Medicare levy low-income thresholds will apply to the 2006-07 income year and later income years.

I commend this Bill and present the explanatory memorandum.

Senator SHERRY (Tasmania) (12.39 pm)—The Senate is now debating the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007 and the Tax Laws Amendment (2007 Budget Measures) Bill 2007 in cognate. On behalf of the Labor Party I rise to support these bills, which provide tax cuts to Australian taxpayers. I firstly want to deal with the personal income tax reduction bill. The bill amends the Income Tax Rates Act to increase the threshold at which the 30 per cent marginal tax rate begins to apply and increases the threshold for the top two marginal tax rates. For lower income earners, the bill provides that the 30 per cent threshold will be increased from $25,000 to $30,000, and that applies from the 2007-08 income year. The bill also amends the Income Tax Assessment Act 1936 to increase the maximum amount of low-income tax offset from $600 to $750 per annum and to raise the threshold at which the offset begins to phase out, from $25,000 to $30,000. The level of income at which the offset will begin to phase out is increased from $40,000 to $48,750.

Further, the bill also amends the Medicare Levy Act 1986 to increase the income threshold for taxpayers eligible for the senior Australians tax offset. The 40 per cent threshold will increase from $75,000 to $80,000 and is designed to reduce bracket creep for middle-income earners. The 45 per cent threshold will increase from $150,000 to $180,000 and is designed to better align our top personal tax rate threshold with international standards. The changes to the 40 per cent and the 45 per cent marginal tax rate thresholds will apply from the 2008-09 income year. The Labor Party supports these tax cuts because they reflect our calls for changes to the personal income tax system to deliver greater relief and incentive to middle- and lower income earners. However, it appears it takes an election year for lower income earners to get a tax cut under this government. We all know that Prime Minister Howard is a tricky politician; he is clever. There is an election coming up only a few months away—

Senator Abetz—We can give you a few ticks for mentioning those buzz words.

Senator SHERRY—As I say, Senator Abetz, there is an election coming up. We all know the Prime Minister and we know his track record. He is a clever and tricky politician and obviously, with that election coming up, sorely needed tax cuts for low- and middle-income earners are on the agenda. For
many years now, Labor has been calling for greater attention to low- and middle-income earners. Labor has consistently called on the government to tackle disincentives for workforce participation. These changes heed Labor’s call to help boost workforce participation, and staging the tax cuts in two tranches will help alleviate inflationary pressures. Shifting the income threshold at which the 30 per cent rate cuts in, from $25,000 to $30,000, improves work incentives over a crucial income range so that the 15 per cent marginal rate will apply up to $30,000 of income. Lifting the low-income tax offset from $600 to $750 effectively raises the tax-free threshold for low-income earners from $10,000 to $11,000. This reduces the effective marginal tax rate over a small additional income range, which should encourage people to move from welfare to work. Again, Labor believes these changes are worthy and we support them.

Labor believes the tax cuts improve incentives for those earning the minimum wage, particularly the significant disincentives arising from the interaction between tax, social security and family benefits. Labor will commit to reducing the effective marginal tax rates to encourage greater participation in the workforce through its support of this legislation. The tax cut will present modest gains for low- and middle-income earners and their families, who have endured four interest rate rises under this government since the last election. We all know about higher petrol prices, which are nudging $1.50 per litre in many areas, and the various other pressures being faced by families—for example, on the weekly visit to the supermarket to buy food. Low- and middle-income families are under significant pressure, and these tax cuts are welcome.

Over the last few weeks, since the presentation that the Treasurer, Mr Costello, gave to the Press Club in the week after the budget, we have heard a great deal from the Treasurer, waffling on about how he thinks the Liberal Party is the party of tax reform. In that presentation at the Press Club, the Treasurer used comparative charts to compare the income tax that is payable now—after these changes pass the parliament—and the income tax that was payable 15 years ago. He made a great point of drawing attention to the allegedly reduced income tax burden. What I did note was that he forgot to mention the GST in that tax comparison. If you are going to make a valid comparison about the level of tax being paid by Australian families, you should not just be drawing attention to income tax rates as they are as a consequence of the passage of this legislation. Historically, you should at least draw attention to the fact that Australians are now paying a 10 per cent GST. But that was conveniently omitted from the tax comparison that the Treasurer presented on that occasion.
If we look at the major changes that Labor undertook when in government, we see that the tax policies were directed at making sure all Australians shared in the national economic growth. I want to talk a little bit about the history of that period. Labor delivered a fairer tax system—without a GST, I might say. The Labor reforms of the 1980s and 1990s mean that the tax burden now no longer falls unfairly on low- and middle-income earners. Labor broadened the base with the introduction of fringe benefits tax and capital gains tax. These were fairness measures which allowed consequential cuts to income tax rates.

Senator Abetz—Stalin would be embarrassed at this rewriting of history!

Senator SHERRY—Comparisons with Stalin! I was just about to get onto John Howard, the Prime Minister. I think it is a bit unfair of you to allege comparisons with Stalin, Senator Abetz. There is something Stalinist about the advertising campaigns we are seeing; they would put Joseph Stalin to shame. Hundreds of millions of taxpayers’ dollars are being spent on advertising propaganda campaigns that would put Joseph Stalin to shame.

Labor is the party that introduced the most profound tax reforms, when it was in government, and delivered the foundations of the modern tax system for which the current Treasurer, Mr Costello, takes credit. I have already referred to Mr Howard’s record on interest rates when he was Treasurer; they touched 22 per cent. But the marginal tax rate of 60 per cent which he presided over when he was Treasurer was reduced to 49 per cent by the Australian Labor Party.

This bill implements two measures announced in the 2007-08 budget, both of which have Labor’s support. Part 1 of schedule 1 to this bill amends the Income Tax Assessment Act 1936 to increase the dependent spouse tax offset from $1,655 to $2,100 from 1 July 2007. The separate net income at which the rebate is completely phased out will be increased from $6,901 to $8,681. The full dependent spouse tax offset is available to a resident taxpayer who contributes to the maintenance of a low-income spouse. Taxpayers are eligible to claim a dependent spouse tax offset if they maintain a spouse—married or de facto—and the taxpayer claiming the offset, or the spouse, is not entitled to family tax benefit part B. The full offset is only available where the taxpayer has a spouse who earns very little income or no income, as the tax offset is reduced by $1 for every $4 by which the dependent spouse’s separate net income exceeds $282. The income of the higher earner of income is not taken into account. The dependent spouse tax offset is currently indexed each year by reference to the consumer price index. Labor supports this proposal to provide a more significant tax offset to taxpayers supporting a low-income spouse. The dependent spouse rebate is one of a number of rebates provided to taxpayers who support a dependant. Others include the invalid relative rebate and a rebate for taxpayers who support a parent or parent-in-law. These and other offsets are increased by this bill in line with CPI increases and they are indexed each year.

Part 2 of schedule 1 to this bill amends the Medicare Levy Act to increase the Medicare low-income threshold for individuals and families. The dependent child student component of the family threshold will also be increased. The increases are in line with the consumer price index. They increase the Medicare levy low-income threshold for pensioners below age pension age so that they do not have a Medicare levy liability where they do not have an income tax liability, and they increase the Medicare levy surcharge low-income threshold in line with movements in the CPI.
These increases occur every year and they were announced in the budget. The Medicare Levy Act provides that no Medicare levy is payable by low-income individuals and families where taxable income or combined family taxable income does not exceed stated threshold amounts. The family income threshold increases by a set amount per child. The Medicare levy shades in at a rate of 10c in the dollar where the taxable income or combined family taxable income exceed the threshold amounts. This bill increases the low-income thresholds for individuals and families for the 2006-07 income year in line with movements in the consumer price index. The individual threshold is to be increased from $16,284 to $16,740. The level of the family income threshold is to be increased from $27,478 to $28,247. The family income threshold is to be increased by a further $2,594, instead of the previous figure of $2,523, for each dependent child or student.

The schedule also increases the threshold amount for pensioners below age pension age for the 2006-07 income year and subsequent income years. The increase ensures that such pensioners do not have a Medicare levy liability where they face no income tax liability. The threshold amount for pensioners who are below age pension age is to be increased from $19,583 to $21,637. The phase-in limits are also increased. The phase-in limit for individuals is increased from $17,604 to $19,694. The phase-in limit for pensioners who are below age pension age is increased from $21,170 to $25,455. References to the individual low-income threshold amount of $16,284 in the Medicare levy surcharge provisions, in respect of the surcharge payable on taxable income, are also being increased to $16,740. Labor supports this proposal to provide assistance to low-income earners by exempting them from paying the Medicare levy.

As a general comment, I reiterate that the Labor Party will be supporting the bills before the Senate. The tax changes before us, particularly those for low- to low-to-middle-income earners are particularly welcome. It is a real struggle for many low- to low-to-middle-income families, given higher petrol and food prices, and interest rate increases since the last election—some four interest rate increases. It is fit and proper and appropriate that their circumstances should be recognised through a reduction in income tax. Labor welcomes the somewhat belated recognition by the government, in the run-up to the election, of the need to ensure a reasonable level of tax cuts for low- to low-to-middle-income earners. Labor supports the legislation before the Senate.
The final change that the government proposes also begins from 1 July 2008. It is an increase in the 40 per cent tax band thresholds. Individuals are currently affected by the 40 per cent tax rate if their income falls between $75,001 and $150,000. The government proposes changing these thresholds to $80,001 and $180,000 respectively, with the upper 45 per cent tax rate, which excludes the Medicare levy, only applying to income in excess of $180,001 from 1 July 2008.

The final policy change is a change to the Medicare threshold for single taxpayers who are eligible for the senior Australians tax offset as legislated in the Medicare Levy Act 1986. The government proposes increasing the threshold from $24,867 to $25,867 with a related phase-in limit of $29,255 increasing to $30,431. These changes to the Medicare levy threshold for single seniors represent an approximate four per cent increase on the old threshold values, so in real terms the threshold has remained nearly the same.

Sadly, this bill does not propose increasing the income-tax-free threshold of $6,000—a policy initiative strongly supported by the Australian Democrats. The tax-free threshold also continues to decline in real value. I have argued many times that the $6,000 tax-free threshold is far too low and should be increased on a phased basis to at least $20,000. As a starting point, you should not have income tax below the subsistence rate. Australia’s welfare floor is around $13,000, the minimum income required for basic subsistence. There is no justification for income taxing someone earning less than this value. By continuing to tax individuals at an absolute rather than indexed value, this social inequality is magnified each year.

From the perspective of a liveable wage, a viable tax-free threshold is $20,000, preferably indexed to retain its real value. The average income tax on all income for someone earning $20,000 a year is presently over $2,000. There are over two million Australians paid less than $20,000 a year. They could all be taken out of the tax system. Many of these are casual and part-time workers, particularly women, who need not pay income tax at all if the tax-free threshold were at a higher rate. That would be great for struggling families and mothers, amongst others. Taking millions of Australians out of the income tax system provides some revenue savings opportunities. Tax deductions cannot be claimed if your total income is below the threshold. Over 60 per cent of taxpayers earning less than $20,000 claim well over a billion dollars in work-related expenses. This is another example of churning within the Australian taxation system, an effect so beloved by this government. Raising the income-tax-free threshold to $20,000 would enable tax cuts to flow right up through every income level so all Australians would still get a tax cut. Apparently it would cost up to $20 billion a year, so it would best be funded through a phased introduction and by broadening the base to get rid of the numerous and distorting array of tax exemptions, concessions and deductions.Broadening the base would of course help considerably in funding it. That in itself would be a progressive reform. Combined with welfare reform, the aim should be to lower effective marginal tax rates for low- and middle-income earners. Significant equity and efficiency gains would result from a simplified system, particularly for lower income Australians.

I note remarks by the Treasurer attempting to dress up the low-income tax offset changes as reflecting an effective tax-free threshold of $11,000. In his budget speech, the Treasurer stated that the tax offset:

... means that low income earners eligible for the offset will not pay tax until their annual income exceeds $11,000.
He thereby attempted to say that this was a virtual increase in the tax-free threshold. This is misleading and technically incorrect. It ignores the effect of churning since individuals will still pay tax for annual incomes in excess of $6,000 through the PAYE system, which they can only get back a year to 18 months later when they put in their tax returns. Moreover the offset functions so that it can only reduce tax paid to zero as opposed to a rebate which holds greater value.

The implication that the offset is equivalent to an $11,000 tax-free threshold is concocted by grossing up the offset value by the lowest income tax rate—that is, the present $600 offset is divided by 15 per cent and multiplied by 100 to give the current value of $4,000. The same method of calculation turns the new offset of $750 into $5,000. This is calculated by dividing $750 by 15 per cent. These values are added to the tax-free threshold of $6,000 to arrive at the imputed values of $10,000 and $11,000 for present and prospective post-offset tax-free thresholds respectively. Yet paying tax on incomes over $6,000 per annum does not change and the proposed offset implies that $750 in tax must be paid for this value to then be offset. Perhaps a more accurate description of the offset might be that low-income taxpayers will continue to pay tax on incomes over $6,000 per annum but for incomes up to $30,000 the first $750 of tax paid can then be offset.

The top two marginal taxation rates have, once again, received attention. Whilst threshold amendments to keep the number of individuals in the top tax brackets low is a good policy principle, on equity grounds the Democrats have argued that low-income taxation rates should receive attention first before those adjustments to top tax rates and thresholds. Although the community and business at large support these budget income tax proposals, charities, social justice groups and the ACTU, for instance, continue to comment unfavourably on the government’s largesse to higher income earners compared with a much lesser improvement in the lot of low- and middle-income earners. The Democrats’ focus on increasing the tax-free threshold as a priority before making changes to the top tax threshold has long been recorded. Indexing tax thresholds has also been a consistent campaign of ours and has strong support across business and the community. The Democrats propose a five-pillars agenda for income taxation reform: (1) to raise the tax-free threshold; (2) to index the taxation rates; (3) to broaden the taxation base; (4) to review and improve negative tax welfare interactions; and, (5) to lower tax rates and raise tax thresholds if sustainable over the longer term.

Today I will continue Democrat efforts to address reform of the tax-free threshold by moving an amendment to this bill which opposes moving the top tax threshold from $150,000 to $180,000 and proposes using the saving so generated to help afford indexation of the tax-free threshold. By not raising the $150,000 threshold to $180,000 we would save $1 billion over four years. With the money saved, plus $1.3 billion over four years from the very large current and forecast future budget surpluses, we propose indexing the $6,000 tax-free threshold from 1 July 2007. The Democrats are not opposed to the notion of reducing the top tax rate or increasing the top tax threshold. We have campaigned for a phased and prioritised reform of the Australian income taxation system, including measures to reduce high income tax for high-income earners. However, any attention to reform for high-income earners should be subsequent to reform for low-income earners. Their needs are more urgent. In the present budgetary context, some income tax reform for low-income earners can
only be funded if raising the top tax threshold from $150,000 to $180,000 is opposed.

As I have mentioned, there is widespread support amongst professionals, business and the community for the indexation of tax rates to maintain the present value of tax thresholds and to minimise the effects of bracket creep. Bracket creep is the impact of inflation related salary increases on the static progressive marginal tax rates. The Democrats have long supported the indexing of all income tax thresholds, but, in the absence of sufficient funding to support that reform, the priority is where the impact is greatest—that is to say, low-income earners must be supported first. This means starting indexation with the tax-free threshold of $6,000, which of course then flows through all tax bands. Australia’s income-tax-free threshold of $6,000 is unchanged since 2000. If it had been indexed since 2000, it would now be well over $7½ thousand. Had the 1980 personal threshold of $4,041 kept pace with earnings, the tax-free threshold would now be well over $15,000.

With the caveat that it is difficult to readily compare systems, the data indicates that, in general, Australia’s current $6,000 tax-free threshold is less than half the OECD average. With a CPI increase of 2½ per cent, the effect of indexing the tax-free threshold in year 1 is that an additional annual income of $165 would be tax free. That is a modest but important amount to low-income earners. A tax-free threshold that, as a minimum, maintains its present value has at least four advantages—practical, psychological, immediacy, and administrative. The practical point is that excluding low-income earners from the income tax system makes sense for that sector from a personal, equity and efficiency point of view. The psychology of knowing what proportion of your income is entirely yours to keep has high utility. It is an intrinsic good. That utility is not satisfied or is ineffective when a tax-free threshold is too low. This view is well expressed in a 2005 paper by P Saunders and B Maley entitled Tax reform to make work pay: perspectives on tax reform (3)—CIS policy monograph 62. In that paper, they state:

Since the value of the personal tax-free threshold has slipped to less than half what a single unemployed person gets in income support and rent assistance, the government now takes money away from us long before we have secured our own basic subsistence.

It makes no sense to tax low income earners into poverty, and then to pull them out of it by giving them welfare benefits and/or tax credits. It makes a lot more sense to allow people to keep more of what they earn so that they are not enmeshed in the welfare transfer system.

Immediacy has great attractions. Money earned and received within a week or two of work done is better regarded than any time lag in receiving compensating rebates, credits or welfare adjustments. There are high inefficiencies associated with so-called churning, whereby low incomes are taxed and then rebated back to the same individuals often a year to 18 months later.

Administration has two components—private and public. A high percentage of low-income earners have poor administrative skills and the self-assessed income tax return is a chore that has its own cost, anxiety and lost opportunities. It frequently requires the aid of a tax agent. At the public level is the cost of being part of the tax system, calculated as tax system complexity and compliance costs. Tax rebates and offsets and concessions complicate the tax system and are administratively costly. In real terms, there is no cost to government revenue by indexing the tax-free threshold, since its value only increases relative to inflation. In nominal terms, the cost to government revenue of indexing the tax-free threshold is paid for in
total by the annual benefit accrued by government from bracket creep across thresholds. As I have already noted, the notional net cost to revenue of $1.32 billion resulting from the Democrats amendment can easily be funded from the large, current and projected future budget surpluses. The proposed Democrat amendment is a very simple and widely supported concept—that of maintaining, not raising, the value of the tax-free threshold.

To summarise my arguments, indexation is a widely accepted policy principle which is widely applied by this government, and has been by previous governments, to taxes and benefits. The tax-free threshold has not been increased since 2000. In that time, its value, due to the effects of inflation, has depreciated by approximately 22 per cent. All wage earners benefit from indexing the tax-free threshold at an equal rate. Preserving the value of the tax-free threshold has a far greater proportional benefit to a low-income earner than to a high-income earner. Indexing the tax-free threshold to inflation maintains its present value in real terms. A higher tax-free threshold has the additional benefit of removing the number of low-income earners from the taxation system. Australia’s current $6,000 tax-free threshold is less than half the OECD average.

The government proposes to lift the low-income tax offset from $600 to $750. The Democrats support this. The government also proposes to lift the first tax band by $5,000, from $6,000-$25,000 to $6,000-$30,000. The Democrats support this. From 1 July 2008, the government proposes to lift the $75,000 threshold to $80,000. The Democrats also support this. What the Democrats oppose is lifting the top $150,000 threshold to $180,000 from 1 July 2008, not because we oppose lifting the rate per se but because it is a matter of priority. Subject to affordability and sustainability, any attention to reform for high-income earners by reducing the top tax rate and/or increasing the top tax threshold should be subsequent to reform for low-income earners. The needs of low-income earners are more urgent and remain more urgent.

Indexing tax thresholds has been a consistent campaign of the Democrats and it has strong support across business and the community. By opposing raising the $150,000 threshold to a $180,000 threshold, we would save $1 billion over four years. With the money so saved, plus money from the surplus—that is, taking $1.3 billion from it over four years—we would propose indexing the $6,000 tax-free threshold from 1 July 2007. Knowing how the coalition works and knowing Labor’s views on this matter, I expect that our amendment to oppose the higher tax threshold and to index the lowest threshold will be lost. I do not consider that a permanent situation, because any government of the future that has its policy mind in gear rather than its political mind in gear would know that raising the tax-free threshold is a desirable thing to do. Having decided to oppose the higher tax threshold increases, if we lose our amendment then the Democrats will have to decide whether we oppose the bill as a whole or support it as a whole. We will not oppose it as a whole.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (1.13 pm)—Firstly, I would like to thank all senators for taking part in the debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007 and the Tax Laws Amendment (2007 Budget Measures) Bill 2007. The measures contained in the first of these bills provide personal income tax cuts of $31.5 billion over four years. These tax cuts were announced by the Treasurer in the 2007-08 budget. These tax cuts build on the substantial reforms delivered in previous budgets.
and further enhance Australia’s international tax competitiveness. These changes increase the disposable incomes for all Australian taxpayers and provide further incentives for individuals, including part-time workers, to participate in the workforce.

From 1 July 2007, the 30 per cent marginal tax rate threshold will be increased from $25,001 to $30,001. From 1 July 2007, the low-income tax offset will be increased from $600 to $750, and it will begin to phase out at the start of the new 30 per cent threshold of $30,001. Those eligible for the full low-income tax offset will not pay tax until their annual income exceeds $11,000. From 1 July 2007, senior Australians eligible for the senior Australians tax offset will not pay tax on their annual income up to $25,867 for singles and up to $43,360 for couples, depending on their income split. The increase in the 30 per cent threshold and the low-income tax offset will provide more incentive for those outside the workforce to re-enter it and those in part-time work to take on additional hours.

From 1 July 2008, the threshold for the 40 per cent marginal tax rate will rise from $75,001 to $80,001. The threshold for the 45 per cent rate will rise from $150,001 to $180,001. In 2008-09, taxpayers will not reach the highest marginal tax rate until they earn more than 3½ times average weekly earnings. Increasing the top threshold will improve the competitiveness of Australia’s tax system. In percentage terms, the greatest cuts have once again been provided to low-income earners. More than 80 per cent of taxpayers face a top marginal tax rate of only 30 per cent or less over the next four years.

I now turn to the Tax Laws Amendment (2007 Budget Measures) Bill 2007 tax. The first part of this bill will increase the dependent spouse tax offset from $1,655 to $2,100 with effect from 1 July 2007. This increase also allows a dependent spouse to earn more income before the offset phases out, increasing the separate net income at which the tax offset completely phases out from $6,901 to $8,681. The second part of this bill increases the Medicare levy low-income threshold for individuals and families in line with increases in the consumer price index. The low-income threshold in the Medicare levy surcharge provisions is similarly increased. These changes ensure that low-income individuals and families will continue to be exempt from the Medicare levy or the surcharge.

The Medicare levy low-income threshold for pensioners who are below age pension age is also increased to ensure that, where these pensioners do not have a tax liability, they will not have a Medicare levy liability. The amendments to the Medicare levy low-income thresholds apply to the 2006-07 income year and later income years.

I again thank those senators who have participated in the debate. I commend the bills to the Senate.

Question agreed to.

Bills read a second time.

In Committee

Bills—by leave—taken together and as a whole.

Senator MURRAY (Western Australia) (1.18 pm)—I seek leave to table a supplementary explanatory memorandum relating to the amendments I propose to move to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007.

Leave granted.

Senator MURRAY—The debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007 is being held cognately with the Tax Laws Amendment (2007 Budget Measures) Bill 2007. Before I move to my amendment on the first of the two
cognate bills, I want to briefly address the matter of the Tax Laws Amendment (2007 Budget Measures) Bill 2007 and ask a question of Minister Colbeck, who is at the table.

The purpose of the Tax Laws Amendment (2007 Budget Measures) Bill 2007 is to introduce new taxation offset thresholds for the dependent spouse tax offset and the Medicare levy for low-income earners and pensioners below the age pension age as announced in the federal budget in May. The bill contains a single schedule which proposes amendments to the Income Tax Assessment Act 1936, A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999 and the Medicare Levy Act 1986. Changes to the ITAA 1936 increase the dependent spouse tax offset from $1,655 to $2,100. The full offset applies as long as the income of the dependent spouse is less than $282. It is phased out at $1 for every $4 by which the income of the dependent spouse exceeds $282. The phase-out limit is increased from $6,901 to $8,681.

The Medicare levy increases low-income thresholds for individuals, families, dependent children and students in line with the CPI. It also increases so that those pensioners below age pension age do not have a Medicare levy liability where they do not have an income tax liability. The Medicare levy low-income and under-age pensioner threshold changes are in line with inflation. The cost to the revenue of these changes to the dependent spouse tax offset and the Medicare levy are estimated over the forward estimates period at $425 million and $150 million respectively. It is a modest but useful return to those people.

The dependent spouse tax offset is increased annually by the CPI. Several other related tax offsets are also affected by the indexation provisions, including child-housekeeper, invalid relative, parent-housekeeper, notional sole parent and notional dependent spouse with child tax offsets. With my mind on the fact that HREOC will be reporting on the matter in the coming two weeks, I note that the dependent spouse tax offset ignores same-sex couples.

The dependent spouse tax offset is, as I understand it, not means tested. If that is so, it enables wealthier wage earners with stay-at-home partners to receive a tax deduction. Changes to the dependent spouse tax offset would be on an equity basis, meant to broadly reflect the tax-free threshold benefit that dependent spouses forgo by not working. If a dependent spouse earns less than the very minimal amounts set out in this schedule, the working partner can benefit from a reduction in their taxation. This offset has no upper earnings threshold limit for the working spouse, hence wealthy wage earners with stay-at-home partners are able to claim the tax offset.

My question to the minister is with respect to means testing. Does the government continue to hold the view that the dependent spouse tax offset should not be means tested? If it does, is there any data available to indicate how many persons above $180,000, which is to be the new top tax threshold, are beneficiaries of the dependent spouse tax offset? I recognise, in asking that question, that it is highly unlikely the minister would have the latter figure at hand and I am willing to have it taken on notice if necessary. However, it would be useful to get a general indication of whether it is possible to get such a figure, which it might not be.

**Senator COLBECK** (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (1.24 pm)—I am not aware of any prospective policy change except to say that the income test is on the lower income earner, not on the higher income earner. You are correct, I do not have
the figures in relation to the statistics to hand, but I am more than happy to take that on notice.

Senator MURRAY (Western Australia) (1.24 pm)—I do not want to have something taken on notice which might not be feasible to get, so my question is, and the minister can probably check with his advisers: do you think they are able to get such a figure or would it be too difficult? It might not be available in the statistical database.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (1.24 pm)—It will be difficult to find the information. I am not certain whether it is collected, so I suppose that caveat overlays the fact that I am prepared to take the question on notice.

Senator MURRAY (Western Australia) (1.25 pm)—If there is no more on the Tax Laws Amendment (2007 Budget Measures) Bill 2007—I am giving the opportunity for the shadow to raise matters if he has anything on that bill—I will go back to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007. I move:

(1) Schedule 1, page 3 (after line 14), after item 4, insert:

4A At the end of Part I of Schedule 7 Add:

Indexation of the ordinary taxable income of the taxpayer in item 1

4. The amount of the ordinary taxable income of the taxpayer in item 1 of the table in clause 1 is indexed for each year of tax after the year of tax commencing on 1 July 2006 in accordance with the CPI indexation method as follows.

The amounts specified in item 1 of the table in clause 1 are to be increased by the indexation factor worked out using the following formula:

Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the current year

Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the previous year

where:

CPI quarter means a period of 3 months ending 31 March, 30 June, 30 September or 31 December.

index number means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician.

The indexation factor is to be calculated to 3 decimal places, but increased by .001 if the 4th decimal place is more than 4.

Calculations:

(a) are to be made using only the index numbers published in terms of the most recently published reference base for the Consumer Price Index; and

(b) are to disregard index numbers that are published in substitution for previously published index numbers (except where the substituted numbers are published to take account of changes in the reference base).

If an amount worked out under the formula is not a multiple of $5, the amount is to be rounded as follows:

(c) if the amount exceeds the nearest lower multiple of $5 by $2.50 or more—round the amount up to the nearest higher multiple of $5;

(d) in any other case—round the amount down to the nearest lower multiple of $5.

Indexed amounts for each year of tax must be notified in the Gazette before the commencement of that year.
There is an explanatory memorandum accompanying that. I have motivated that amendment in my speech during the second reading debate. Unless there are particular questions from the shadow or the minister, I propose to just move it on that basis.

Senator SHERRY (Tasmania) (1.26 pm)—Labor will be opposing this amendment. As Senator Murray would be aware, we have discussed his proposals to index the current tax-free threshold on previous occasions as part of a broader approach that Senator Murray brings to the debate about indexation of thresholds more generally. There is one point I would make about what I think is an inherent contradiction in the approach he is taking, which is to index the current tax-free threshold and then partly pay for it by retaining the top threshold at $150,000. Whilst moving the top threshold from $150,000 to $180,000 is not indexation, it is recognition of the impact of inflation moving into the top bracket. So there is an inherent contradiction. Senator Murray is proposing to directly index the current tax-free threshold but effectively to freeze the top threshold, and that is a contradictory position in Labor’s view.

On previous occasions we have indicated that the matter of the movement of the thresholds should be a matter for budget, from time to time, depending on circumstances, and Labor has not changed its view and we will be opposing the amendments and supporting the budget tax cuts without amendment. This would not come as any surprise to Senator Murray, because I do mention this from time to time when we discuss tax proposals: if the Democrats wanted to advance their argument about indexing of thresholds, why did they not do it as part of the GST negotiations which Senator Murray supported? Most of the Democrats—those still standing, with the exception of one or two—supported its introduction. They had an opportunity to advance, as part of the tax reform process, the GST and the other associated tax changes that occurred then. I do not know whether Senator Murray put that one on the table. If he did, I am not terribly convinced by his negotiating prowess. If you could not achieve it then, I do not think you are going to achieve it today, Senator Murray.

The only other comment I would like to make is in reference to the earlier questions from Senator Murray. I hope that Treasury, and probably the ATO, are able to provide the information that Senator Murray has requested, but he knows, from the long hours we spend at estimates hearings, how difficult it is to obtain information from this government. We know the government has the information—in the forward estimates or the forward projections—but when trying to get an answer from the government, with its secrecy of prepared figures, you just get the response, ‘We don’t publish the figure.’ They have a figure but they do not publish it. So, quite genuinely, I wish you good luck with your request for information, Senator Murray, but on the past performance of this government at estimates hearings, as you and I know, even when the government has figures, if they do not want to publish them they will not produce them, even at estimates. That is a regrettable aspect of secrecy and arrogance that the government have taken on, particularly since they have had control of the Senate.

That is all part of a very tricky process that we know the Prime Minister goes through, particularly in the lead-up to an election. The Prime Minister is very tricky and very cunning. If there is a group in the electorate that he believes has been neglected—as low- and middle-income earners have been in recent years, in terms of tax cuts—
Senator McGauran interjecting—

Senator SHERRY—Senator McGauran, be careful!

Senator McGauran—Why? What have you got on me?

Senator SHERRY—I do not want to refer to your jump from the National Party to the Liberal Party but you provoke me yet again, Senator McGauran. Labor opposes the amendments as moved by Senator Murray on behalf of the Democrats. We will be supporting the government’s income tax reduction measures unchanged.

Senator MURRAY (Western Australia) (1.31 pm)—The shadow minister asks for two areas of clarification. Firstly, with respect to negotiation and the GST, I do not know if Senator Sherry is one of the legions of union officials that grace the ranks of the Labor Party, but union officials know that in any negotiation you never get everything you want unless you indulge in standover tactics, which I understand new Labor thoroughly disagree with—and I applaud that. So it is quite true, shadow minister, that I was keen on indexing the rates. I did not get that. We got many things; we did not get everything we wanted. So that is the answer to that particular question.

Your first question was, I thought, deserving of more serious appraisal and response. I made it clear, and I have made it clear before, that the Democrats have a five-pillar agenda for income tax reform. The first is raising the tax-free threshold. The second is indexing the taxation threshold rates—all the rates, Senator Sherry. The third is to broaden the taxation base; the fourth is to review and improve the negative tax-welfare interaction; and the fifth is to lower tax rates and raise tax thresholds, if sustainable. Those reforms are not affordable, under any government, in one hit, so you have to phase them in, prioritise them and so on. It is perfectly true that we would seek to index all tax rates, but we can only afford, in terms of the money available to us right now, this particular measure. I am obliged to fund it by opposing the $150,000 increase to $180,000 and taking moneys from the surplus, but, if Labor ever get into government and if they want to put the proposition to me to support indexing all tax thresholds, I will do so. I hope that clarifies the question.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (1.34 pm)—I have just a few comments in response. The government, over its terms since 1996, has increased more than indexation to taxpayers, in relation to its tax cuts. We have always had the view—and you would have heard the Treasurer enunciate this on many occasions—that once we have paid for essential services and balanced the budget, if we have the capacity to reduce taxes we will pass the benefit back to taxpayers. We continue to believe that that is the right way to manage the economy. Once we have balanced the budget, after providing all the essential services, we will, on an annual basis, make decisions that we see are of benefit to taxpayers in the relevant tax brackets. That is, essentially, the way we see this, so we do not support the amendment.

I would like to thank Senator Sherry for his little lecture. Obviously, he has been listening to the polls and the focus groups. I hope he does not have any trouble working out which side of the bed to get out of. I am sure he does not. The cliches were appreciated, Senator Sherry, as is your support for the government in opposing the amendment.

Question negatived.

Bills agreed to.

Bills reported without amendment; report adopted.

CHAMBER
Third Reading

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (1.36 pm)—I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

FAMILIES, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS

LEGISLATION AMENDMENT (CHILD SUPPORT REFORM CONSOLIDATION AND OTHER MEASURES) BILL 2007

Second Reading

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

That this bill be now read a second time.

Senator STEPHENS (New South Wales—Parliamentary Secretary to the Leader of the Opposition) (1.37 pm)—This bill is the next legislative stage in the government’s 2006 reforms to the child support system. The Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007 contains a significant number of technical and consequential amendments following from the original two pieces of child support reform legislation considered by the parliament last year. Labor supported these previous child support reform bills in the parliament after expressing our reservations that the government had failed to provide protection for low-income families, who may lose income as a result of the changes to the scheme. Again, we support this legislation, but Labor remains concerned about the protections for low-income families that have to date still not been adequately resolved. This bill also incorporates relevant amendments relocated from the Child Support Legislation Amendment Bill 2004, which Labor was intending to support. We note that the government has now withdrawn that bill from the House Notice Paper.

This amendment bill includes a range of non-child-support changes to various pensions and family payments, including the payment of the baby bonus in instalments for under-18-year-old mothers, and the extension of the pension assets test from 12 to 24 months following the sale of the principal home. Labor welcomes both of these initiatives—not only are they good policy; they were in fact our suggestions in the first place. If this government has completely run out of fresh ideas, Labor will continue to provide them.

The Child Support Scheme was set up in 1988 by the Hawke Labor government and has become an international model and the basis of a similar scheme established in the United Kingdom. Labor acknowledges the genuine concerns about the scheme, including concerns about the fairness of the scheme, the assessment formula and, in particular, compliance. Let me reiterate that Labor acknowledge the need for reform of our child support system. The view we take on the reform challenge, however, is that fundamentally the interests and wellbeing of children must come first and that as far as possible child support policies should serve to support the child in security and in economically acceptable conditions.

The May 2005 report of the Ministerial Taskforce on Child Support, the Parkinson report, was the first systematic evaluation of the child support arrangements. It recommended a new formula for child support assessment based on evidence of the actual costs of raising children, shared parental responsibility for those costs and recognition of each parent’s level of care. The report examined the scheme using sound principles and was generally well received. Labor be-
lieves that the report provides a constructive basis for moving forward on child support reform.

Last year this parliament passed two bills which implemented the new Child Support Scheme, including a new payment formula. Whilst not all the recommendations of the Parkinson report were adopted and the new scheme was not entirely to Labor’s satisfaction, we supported those bills. Today’s bill makes further amendments to the new Child Support Scheme.

At last week’s Senate inquiry into this bill the Department of Families, Community Services and Indigenous Affairs, the agency responsible for child support policy, gave evidence that the implementation of the new regime is not progressing as smoothly as expected. The promised stakeholder reference group, for example, has only met once this year. There is also still a lack of detailed information on the impact of the new formula and the new arrangements on families. Ms Jacqueline Taylor from the National Council of Single Mothers and their Children said at the Senate inquiry:

... calculating the financial impact on single mother families post July next year has actually been an incredibly difficult thing to do because there is nothing available to help us with that. There has been no modelling done by the government to actually calculate the impact that these changes will have on sole parent families and we cannot forget that this is also in conjunction with Welfare to Work and the loss of income from that.

The government needs to do more research on the impact of these changes.

Labor believe that there is a responsibility on the government to ensure that the well-being of children is not compromised by the combined impact of these policy changes. Labor acknowledge the concerns of many resident parents that they will receive lower child support payments under the new formula. We also note that Professor Parkinson, chair of the ministerial task force, does not disagree that a significant proportion of single parents will receive lower payments as a result of the bill. Last year he gave evidence to a Senate inquiry that around 55 per cent of assessments will decrease under the new formula. At the request of the ministerial task force, NATSEM modelled some of the impact of the new formula. That modelling showed that resident parents on low annual incomes of $26,000 a year or under will incur the biggest reductions in child support payments. For example, where a non-resident parent earns $78,000, a resident parent with an income of $26,000 will be $50 a week worse off. That is a lot of money for a parent earning just $26,000 a year.

More account also needs to be taken of the interaction of the new system with the recent Welfare to Work changes. On the one hand, we have family law and child support law encouraging shared parenting and an acknowledgement that, where there is between 35 per cent and 65 per cent of care, it is considered shared. On the other hand, we have income support policies under the government’s Welfare to Work changes where only one parent can be given principal carer status and we have the important concessions in terms of activity requirements, which can leave the other parent and the children exceptionally vulnerable. Labor is closely monitoring the impact of the intersection of the Welfare to Work laws, the importance of principal carer status and the promotion of shared care under family law to ensure that parents with largely shared caring responsibility are not disadvantaged.

I now turn to some of the other provisions in the bill. First of all, the bill makes some technical changes to the process of administrative and judicial review of decisions in child support cases by the Social Security Appeals Tribunal or by the courts. The Law Council, in its submission to the Senate in-
query into the bill, expressed concerns at the proposed new clause 64 of schedule 1. This provision gives the Social Security Appeals Tribunal the power to make a determination on which documents are relevant to a review of its decision by the court conducting that review. The Law Council is concerned at the appropriateness of this amendment and it believes that it is preferable that the court be entitled to review all documents to determine which are relevant in a decision on the matter before it.

In relation to issues in parenting procedures, the bill contains amendments to clarify situations where a court makes orders for the repayment of child support where payments have been made by a person who is not the parent of the child. Under these provisions a mere suspicion on the part of either parent that the payer is not the parent of the child is a factor that is relevant for the court to consider when making an order on a possible repayment, even when this suspicion or knowledge falls short of a reasonable doubt about parentage.

Schedule 5 deals with changes to the maintenance income test provisions in the A New Tax System (Family Assistance) Act 1999. These amendments will clarify the definitions of ‘amount received’ and ‘amount payable’ in the child support formula. They will also clarify that maintenance income received by a payee for one or more children will reduce the payee’s amount of family tax benefit part A above the base rate, for those children only.

In relation to ongoing collections from contractors, currently, ongoing child support can only be collected from employers if the payer is a wage or salary earner or they receive a Centrelink payment. This amendment will broaden the agency’s power to issue notices requiring the deduction of child support and the forwarding of that deduction to the Child Support Agency to include cases where the payer is under contract for service arrangements that effectively substitute for wages. This change extends the reach of the ongoing collections system to independent contractors, who are effectively employees. Labor supports this change.

Other aspects of the family payment system are also amended by this bill. One significant change is to require the baby bonus to be paid in 13 instalments to parents who are under the age of 18. There is an unfortunate tendency for some to portray young mums in a negative fashion. We certainly do not support this form of reporting. However, there have been noted among some welfare groups and social workers disturbing occurrences of young mothers being abused and exploited over their baby bonus payments. Young women are in a position of special vulnerability when it comes to these issues. Some domestic violence services report that levels of abuse rise sharply around the time the bonus is paid. Women will hand over the money just to get rid of a violent partner. There are far too many stories of young mothers being exploited for the baby bonus money. Government has a responsibility to ensure that its efforts to help families at a critical time are not misused by desperate or selfish people who have kids they neither want nor care for. On this basis, Labor supports the government’s change to fortnightly payments for young mothers.

Labor also supports the common sense change for the maternity payment to be officially known by its commonplace name—the ‘baby bonus’. All family payments will now be conditional upon the registration of the birth. In their submission to the Senate inquiry, the Australian Bureau of Statistics said that the registration requirement would improve the accuracy of Australia’s demographic statistical collections. In oral evidence, the ABS noted that:
Births to mothers in their 30s are more likely to be registered promptly whereas births to younger mothers aged under 24 years were likely to be registered later. It is expected that the proposed requirement to have all births registered before applying for the baby bonus may result in a change in parents' behaviour. Labor hopes that the behavioural change will be positive. Given the tendency for late registration amongst those from disadvantaged backgrounds—especially those in the Indigenous community and single mothers—this new requirement must be implemented in such a way that those with particular vulnerabilities are not disadvantaged and do not miss out on any payments that they especially would benefit from.

The other Labor proposal the government is adopting in this bill is an amendment to the Social Security Act and the Veterans’ Entitlements Act to extend the pension assets test exemption period from 12 months to 24 months following the sale of the principal home. Labor proposed an amendment to the Social Security Act in 2006 along similar lines to support pensioners who were unable to have their new home built during the 12-month period due to delays caused by the skills shortage. The 12-month rule was particularly affecting pensioners who were trying to build a new home and being delayed by this government’s skills crisis. Under the current arrangements, a person has 12 months to sell their existing home and construct a new home before the proceeds of the sale of the existing home become an assessable asset. Because of the huge skills shortage, and therefore the delays in building completion dates, a number of pensioners have been unable to get their homes completed within that 12-month time frame. Stories of waiting for trades people to turn up are well known. Labor was concerned about the impact on pensioners of delays that were forcing them to be caught up by the assets test. It now appears that the government is concerned too.

Labor also supports the changes to allow family tax benefits to continue to be paid to members of the Australian Defence Force and members of the Australian Federal Police International Deployment Group who are deployed overseas. Normally, family tax benefit is only payable at the full rate at the full rate to people who are temporarily overseas for up to 13 weeks. Discretion to extend that period exists where certain prescribed events prevent or delay their return. Presently, ADF and AFP personnel on overseas deployment are not covered adequately by this discretion. The bill makes amendments to rectify this deficiency. Labor supports this lengthy amendment bill; however, we still note our ongoing concerns with the impact of the new child support scheme on low income families.

Senator BARTLETT (Queensland) (1.51 pm)—The Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007 is one in a series that have made significant changes to the child support arrangements in Australia. We all know that child support is a very contentious area and is often played out through conflict between parents who have split up. In such contexts it is always very important to remind ourselves of the key purpose of child support, which is, as its name implies, supporting children and what is in the interests of children. I believe we need to put that factor always front and centre whenever we consider this issue—and indeed many others, I might say. Certainly it is an unavoidable fact that family law arrangements and legislated child support requirements are often going to occur in an environment where the adults involved are not necessarily getting on terribly well and often have quite a negative relationship with each other—although I
should also point out, of course, that that is far from universal. Many people do manage separations, with or without children involved, quite effectively and very well. But sometimes that does not happen, and in those circumstances it is important that, amongst all of the difficulties, the interests of the children involved are put first and foremost.

Some of the changes in this legislation are positive ones and do clarify the operation of the whole scheme. But it does remain a concern for the Democrats that we are not sure of the full consequences. Indeed, the entire committee looking into this legislation made clear by its concluding remarks that it recognised that ‘the true impact of many of the changes will not be fully known until they are operating in practice’. I appreciate that, to some extent, you can never be 100 per cent sure of how things will play out, but, frankly, I think we could have done a better job and we should be doing a better job in at least having much clearer models of what is anticipated to occur in certain circumstances so that we are operating less in the dark in making these sorts of changes. That remains a continuing concern to the Democrats. Whilst we notice that the changes and their consequences will be monitored closely—and that is certainly welcome—we do believe that more should have been done to assess in advance what the consequences would be.

The issue about the impact on principal carers that is raised by Senator Siewert in her minority report is also a concern that I share regarding the income support definition. That, to me, seems to provide a circumstance where, as the National Council of Single Mothers and their Children stated, ‘the half-time children in the household of the person who is not deemed under social security law to be the principal carer will not attract the protections available to principal carers in the income support system’, which will leave them more likely to be disadvantaged.

The issue of the baby bonus is also contained within this legislation, although it is really a separate matter to child support changes. I must say that I am concerned about separating out and introducing a form of age based discrimination in this area. I think there are arguments for having payments made periodically in all cases, if we are going to move down that path, rather than singling out solely those who are under the age of 18, particularly given that there are no opportunities for flexibility about that. Frankly, I think that is a form of discrimination that is not warranted by the evidence that I have seen to date.

The legislation as a whole does have quite a number of different changes that are made within it. It should be noted that, in amongst all of those, really only a few parts were the subject of most of the focus and comment produced from the community during the committee inquiry process. However, the fact that those concerns only addressed a small number of issues should not therefore mean that those issues are seen as unimportant. I believe that they merit further concern and further acknowledgement than is being given by the federal government.

These changes will continue to be monitored as further changes are rolled out, and there will be further changes coming on line next year, so we are in a continual state of change. It is important that we continue to monitor that, because it is being done alongside other changes to our income support laws, some of which will also significantly disadvantage people who are already not particularly well off. We need to be watching very closely to see how they go. There is a lot of talk these days about how magnificent the economy supposedly is, and I agree that there are some good-looking numbers around
the place and there are some good outcomes for individuals, but we must also acknowledge that there are many, many people who, however good you want to say the economy is, are not doing terribly well. There are significant numbers of Australians—including many, many children—who are in poverty, and significant numbers who are homeless.

The fact that the economy is going well and that unemployment is low is a good thing, but if we are not able to address wider economic factors, like the worst housing affordability crisis we have had in over a generation, then all the good economic figures in the world cannot hide the fact that it is still not delivering basic security for very many Australians. I would suggest that that is a key reason for this apparent bafflement amongst some of the coalition people like Mr Abbott and others, who cannot seem to understand why people might not all, automatically, be going to vote Liberal, when they think the economy is going so fabulously. The simple fact is that for many people the economy is not delivering security for them and for their children. Those people are often forgotten. They are rarely referred to in all of the talk about economic statistics, but they are very real. We need to remember that. And we need to remember, when we are looking at legislation like this, that we are not just talking about theories or abstract policies; we are talking about human beings. Many of those human beings, particularly single parents, are struggling enormously in Australia at the moment.

Debate interrupted.

QUESTIONS WITHOUT NOTICE
Advertising Campaigns

Senator WONG (2.00 pm)—My question is to Senator Minchin, the Minister representing the Prime Minister. Can the minister advise how much more advertising on industrial relations has now been authorised by the government? Can the minister indicate whether the Ministerial Council on Government Communications has met to authorise further expenditure and, if so, how many more taxpayer dollars this government is intending to spend on this advertising?

Senator Kemp interjecting—

Senator WONG—Are the reports in yesterday’s Australian newspaper correct, which state that $36.5 million—

Senator Kemp interjecting—

The PRESIDENT—Senator Kemp, come to order!

Senator WONG—will be spent on this government’s latest industrial relations campaign? Will the minister now come clean with Australian taxpayers and tell them if they are footing the bill for a $36.5 million ad campaign for Work Choices mark 2?

Senator Kemp interjecting—

The PRESIDENT—Senator Kemp, you are warned!

Senator MINCHIN—Mr President, this issue of government advertising was, of course, exhaustively discussed at Senate estimates, but I am delighted to talk about it again. This government is a reformist government. We have much to communicate to the Australian people. There is a significant and well-established precedent from the former Labor government—and, indeed, state Labor governments, who have set new benchmarks in this area—for using advertising to communicate government policies and changes to government policies. Indeed, as a result of our changes to workplace relations, private health insurance and superannuation, we have taken advantage of the opportunity to properly inform Australians of those changes through factual government advertising.

In relation to the industrial relations campaign to which Senator Wong refers, for the
campaign to date, in relation to changes that we are making to industrial relations arrangements, the media cost of advertising has been about $3.5 million for the week of 20 May 2007, plus other non-campaign advertising. I would add, in relation to the slur upon on the advertising that Senator Wong casts in suggesting that it is anything other than factual, that there was a very interesting report in the *Age* of 1 June quoting an actor, Alan Fletcher, whose voice was used in the voice-over in the government’s advertisements. He was quoted as saying:

The workplace relations ad appeared to me to be a non-political commercial that advertised changes to the law and how to get information about those changes.

The ad offered no endorsement of Government policy on workplace relations and, as such, did not conflict with my personal principles.

I note that this Mr Fletcher is the federal vice-president of the Media, Entertainment and Arts Alliance, as well as a professional actor.

The government has no embarrassment whatsoever in properly advertising its changes to workplace relations. Workplace relations does affect millions of Australians. These are important changes. It is important that Australians have the facts in relation to this advertising.

*Senator Chris Evans interjecting—*

The PRESIDENT—Order! Senator Evans! Your colleague is seeking the call.

*Senator WONG—*Mr President, I ask a supplementary question. Minister, can I again ask you to confirm whether or not the government has authorised additional expenditure on industrial relations advertising? Is $36.5 million the new price tag? Could you advise whether the $36.5 million will include yet another taxpayer funded ad blitz, to the tune of $25,000 an hour, which was seen in stage 1 of this campaign? Minister, why does the government display such contempt for Australian taxpayers? And isn’t this just another example of the Howard government treating taxpayers’ money as its own?

*Senator MINCHIN—I am not aware of any further decisions of the government to extend this advertising campaign, but should it be then I am sure that the people and the parliament will be properly informed of any additional resources put into this campaign. But I do think Senator Wong ought to take account of what her own Labor governments do around the country. I was surprised to see, in the Adelaide *Advertiser* of 9 June, this full page ad: ‘Building a healthy future for South Australia.’ What have we got here? The smiling face of Labor Premier Mike Rann, extolling the virtues of his Labor budget! Look at it! It is incredible—the hypocrisy of this lot in attacking us for our advertising when they have six state Labor governments absolutely blowing their budgets! They are now actually in deficit as a result of the extraordinary spending they conduct, much of which is on their own party advertising.

The PRESIDENT—I would remind honourable senators of the rulings on displaying pamphlets and brochures and the like in the Senate.

**New South Wales Flood**

*Senator HEFFERNAN (2.05 pm)—*My question is to the Minister for Human Services, Senator Ellison. Will the minister inform the Senate of assistance being provided by the Australian government and its agencies to those affected by the terrible flooding in the Hunter and on the Central Coast of New South Wales?

*Senator ELLISON—I thank Senator Heffernan for an important question on a matter which has been the subject of great tragedy. In fact, it has been a tragic week in Australia. We saw the terrible floods in New South Wales which came hard on the heels of*
a tragic rail accident in northern Victoria which claimed 11 lives. I am sure all senators would join with me in extending our sympathies to the families and friends of those who died and were injured in that terrible accident.

In that incident, as in the floods, we have seen great work being done by volunteers and officials from government at all levels. The flooding in the Hunter and on the Central Coast of New South Wales has resulted in the regrettable loss of life and damage to property on a significant scale and again we have seen Australians come to the fore in helping their fellows—not only officials from governments at all levels, as I say, but also non-government organisations and volunteers.

On Sunday, the Prime Minister announced a package of government disaster recovery payments for those people who have suffered serious injury, have lost their principal place of residence or have had their residence rendered uninhabitable by the floods for a period of 48 hours. This relief will amount to $1,000 per eligible adult and $400 per eligible child. People who believe they may be entitled to assistance should call the Centrelink hotline on 1802211 if they have any doubts, and I would urge them to do so. This hotline was established on Sunday, and as at 9 o’clock this morning more than 1,700 calls had been made. Information regarding eligibility for the payment, including the claim form, is available on the Centrelink website: www.centrelink.gov.au.

We have Centrelink officers working 24 hours a day seven days a week. In fact, over the weekend Centrelink employees came out to assist those who were affected by the flood, notwithstanding that some of these people themselves had also been affected. All Centrelink customer service centres are operating save for the Wyong office, which I understand has been flood damaged. Centrelink has also assigned priority to phone calls from people in flood affected areas to ensure that those members of the community most in need receive service as a priority. I mentioned that there were other agencies involved, and we are working closely with the New South Wales Department of Community Services and other non-government organisations. Cooperation across the board has been outstanding and the response from volunteers and communities in the Hunter region has also been outstanding.

Centrelink customers in the affected areas who rely on fortnightly income support payments are being assisted through the provision of telephone lodgements of their payment-generating forms. This will remain in place for those customers for the remainder of the week. I commend the work being done by not only those in Centrelink but also those across all other agencies. I commend the cooperation that we are getting from state and local government authorities, members of the community and especially volunteers. This again is another demonstration of the Australian community coming to the fore in a time of crisis.

**Liberal Party**

**Senator FORSHAW (2.09 pm)**—My question is to Senator Minchin, the Minister representing the Prime Minister. Is the minister aware of the Prime Minister’s claim on Sunday that there was no Liberal Party fundraiser at Kirribilli House during the recent Liberal Federal Council meeting?

**Senator Ferguson**—The big issues today!

**Senator FORSHAW**—You obviously were not invited, Fergie—or you didn’t pay! In light of that claim, can the minister confirm that Liberal Party donors who paid $8,000 to attend the Federal Council meeting were then invited to Kirribilli for a private drinks function on 1 June 2007? Doesn’t that
mean that people who donated funds to the Liberal Party received, in return, drinks with the Prime Minister at Kirribilli House? Isn’t it therefore the case that Kirribilli was used as a venue for a Liberal Party fundraiser?

**Senator MINCHIN**—I note with interest the Labor Party’s fascination with this matter. The Liberal Party, the Prime Minister and the government are happy with the arrangements that have been entered into. A function was held on 1 June 2007 at Kirribilli House, and delegates to the Federal Council of the Liberal Party and business observers were invited to attend that function. The decision to hold that function was made taking into account previous advice from the Department of the Prime Minister and Cabinet that it is appropriate to hold such functions on a full cost recovery basis as long as the function itself is not of itself a fundraising function. The function was attended by 225 guests. The total function cost was $5,186.69, covering food, beverages, casual staff and associated hire charges. This cost of that function has been fully reimbursed by the Liberal Party. The food and beverage served at the function was purchased separately for the function and existing stock was not used. Audiovisual costs for the function were billed directly to the Liberal Party. The cost of full-time staff was not charged to the Liberal Party, as that cost would have been incurred in the normal running of the house. The full costs of that function were just over $5,000, and the Liberal Party has paid that amount in full.

**Senator FORSHAW**—Mr President, I ask a supplementary question. I thank the minister for that answer and I ask that he formally table that advice. Can the minister confirm that officials from the Prime Minister’s department greeted Liberal Party donors as they arrived at Kirribilli House for the function? Were attendees served by Kirribilli’s taxpayer funded staff? Can the minister explain how using public servants as ushers for Liberal Party donors at a Liberal Party fundraiser meets the Public Service Code of Conduct?

**Senator MINCHIN**—As the senator well knows, it is not the practice of any government to table internal advice from the Public Service to ministers, so we will not be tabling that advice. Of course, I would not mislead this Senate in reporting that advice. I am not aware that officials from the Department of the Prime Minister and Cabinet were greeting delegates—I must confess I was not at the function, so I have no direct knowledge of this matter—however, I would be very surprised. Those who are employed full time at Kirribilli House no doubt were welcoming guests, or greeting guests at the door and telling them where to go, but I am sure that officials from PM&C were not involved. I am happy to find out further information and come back to you.

**Employment**

**Senator TROETH** (2.13 pm)—My question is to Senator Abetz, the Minister representing the Minister For Employment and Workplace Relations. Will the minister update the Senate on the latest national employment figures? Has the minister seen reports that senior union figures tried to prevent discussion of these record low unemployment figures at the International Labor Organisation’s meeting in Switzerland, and what is the government’s response?

**Senator ABETZ**—I thank Senator Troeth for her question. I note that it is a mainstream issue she is inquiring about, and I also note her genuine and ongoing advocacy of policies which will provide more of our fellow Australians with a job opportunity. Last week, the Australian Bureau of Statistics released figures which show that Australia’s unemployment rate has now fallen to a new 33-year low of 4.2 per cent. Significantly,
these figures show that, since the introduction of our current workplace relations system in March last year, more than 358,700 new jobs have been created and a massive 94.8 per cent of those are full time.

I have noted that in recent days we have seen the trade unions, in a despicable attempt to score cheap political points, try to blacken Australia’s name at the International Labour Organisation. Even more disturbingly, during the subsequent debate on our industrial relations system the ACTU tried to gag our Australian official when he spoke about our job creation record. Believe it or not, the ACTU representative made the startling claim that jobs growth was not relevant to a discussion of the current industrial relations system. I wonder if Mr Rudd would agree with that approach. The fact is that for 23 months, nearly two years, unemployment in this country has oscillated between five and 5.3 per cent. It took the current workplace relations system for unemployment to crack the five per cent barrier—and it has just kept on falling. I table a table which shows the oscillation and also the huge decline since March 2006. What is bizarre is that the ACTU did not want these figures to be discussed because they said it was irrelevant. I then decided to have a look at the ILO convention myself. Article 1 of the Employment Policy Convention, adopted in 1994—let me read it for those opposite—states:

… each Member—

that is, member country, such as Australia—shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.

2. The said policy shall aim at ensuring that—

(a) there is work for all who are available for and seeking work;

So the ILO convention itself demands of its members that they seek to create employment, yet the ACTU, in its desperate attempt to blacken our industrial relations policies, did not seek to allow Australia’s representative to argue the case. What they did seek to do was to link Australia with countries such as Colombia, where 100,000 children are sent down the mines each day. They are trying to make that sort of comparison. It is a dishonest comparison, it is an unfair comparison and, of course, it is motivated by the likes of Doug Cameron, now a Labor Senate candidate, who has said that what he wanted to do was to defeat the Howard government at the next election and have the ALP implement the ACTU policy—and Mr Rudd has not repudiated it. (Time expired)

Liberal Party

Senator FAULKNER (2.18 pm)—My question is directed to Senator Minchin, the Minister representing the Prime Minister, and it follows on from Senator Forshaw’s earlier question in relation to the function that was held at Kirribilli House on 1 June this year. Minister, will the Liberal Party be paying a hire charge for using Kirribilli House on that occasion, will the Liberal Party pay for all the salary and other on-costs of public servants who worked at Kirribilli House on the night and, given that Kirribilli House is not a business premises, is it lawful to charge people for attending functions at Kirribilli House?

Senator MINCHIN—I am not sure that I can add much to the answer I gave to Senator Forshaw. I have indicated that, on advice from the department about the appropriateness of holding such functions—

Honourable senators interjecting—

The PRESIDENT—Order! There is too much noise in the chamber. Senators on both sides of the chamber will come to order.

Senator MINCHIN—the appropriate function costs—that is, the additional marginal costs of holding the function at Kirribilli House—related to food, $2,128.50;
beverages, $1,476.52; casual staff, $829.57; and additional hire charges of $752.19, which, I am told, were for heaters and a mobile fridge. That was a total of $5,186.69. There were audiovisual costs, which were billed directly to the Liberal Party—the Liberal Party paid directly for those. I have indicated that the cost of full-time staff was not charged to the party because the staff were there anyway and the cost would have been incurred in the normal running of the house. Any additional staff were casual staff, and the costs were billed to the Liberal Party.

It is always the case that the Prime Minister of the day holds a variety of functions at the official residences—that has long been the practice. In this case, in relation to federal delegates of the Liberal Party and observers to that particular Federal Council meeting in Sydney, the Liberal Party was appropriately billed for all the additional costs that were incurred over and above the normal running costs for the ongoing maintenance and upkeep of Kirribilli House—which would have been incurred anyway—and that bill has been paid. It sounds like something of a furphy to suggest there was anything not within the law. I suggest that that is a very long bow for Senator Faulkner to draw in this place, but, to satisfy him, if there is any information on that matter, I will bring it back to him as soon as I can.

Senator FAULKNER—Mr President, I ask a supplementary question. I note I did not receive an assurance, given that Kirribilli House is not a business premises, as to whether it was lawful to charge people attending functions at Kirribilli House. I further ask the minister whether the government is satisfied that those organising the Liberal Party function held on 1 June 2007 ensured that no breach of liquor-licensing laws occurred at Kirribilli House. I further ask whether advice has been sought—

Government senators interjecting—

The PRESIDENT—Order! Senators on my right!

Senator FAULKNER—I further ask whether advice has been sought from the Department of the Prime Minister and Cabinet as to whether the department will be required to submit an annual disclosure return to the AEC declaring their in-kind donation of a venue, catering staff, Kirribilli House staff, security staff and public servants to the Liberal Party.

Senator MINCHIN—I would normally have considerable respect for Senator Faulkner, but really this is becoming very silly. The Prime Minister is entitled, like anybody else in Sydney, to host people at a private function at his official residence—of course he is. To suggest that you have to have a liquor licence or something—

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left!

Senator MINCHIN—I would also say people were not charged to attend that function. Just like the Labor Party, business observers do make a payment to attend the Federal Council of the Liberal Party. That is what the Labor Party do, and the Liberal Party does that. They attend the Federal Council meeting of the Liberal Party, which is held over a few days. They were not charged to attend that function. I would also note, in response to Senator Forshaw’s question, I am now advised that there were no departmental staff from PM&C at that function.

Economy

Senator IAN MACDONALD (2.24 pm)—My question is also to the Minister for Finance and Administration but it is a serious question in which most Australians would be interested. The minister would be aware of
recent indications of the strength of the Australian economy.

Senator Robert Ray interjecting—

The PRESIDENT—Order! Senator Ray!

Senator Faulkner interjecting—

The PRESIDENT—Order! Senator Faulkner!

Senator IAN MACDONALD—I would ask the minister to inform the Senate about those recent indications.

Opposition senators interjecting—

The PRESIDENT—Order! Senators on my left! The person asking a question deserves to be heard in quiet.

Senator IAN MACDONALD—Mr President, I can understand why the Labor Party do not want to hear a serious question. Will the minister also outline to the Senate what policy settings have enabled the Australian economy to maintain its significant run of continuous low-inflation growth? Minister, I wonder if you are aware of any alternative policies.

Senator MINCHIN—I thank Senator Ian Macdonald for that sensible question; you do not get questions on the economy from the other side. Since the Senate last sat there have been a number of economic indicators showing that the Australian economy continues to record—

Senator Sherry interjecting—

Senator Carr interjecting—

The PRESIDENT—Order! Senator Sherry and Senator Carr will come to order!

Senator MINCHIN—strong growth, low inflation and low unemployment. Firstly, the Westpac consumer sentiment index for May reached an all-time record high of 123.9 compared with an historic average of just over 100. That index found that confidence jumped 18 per cent for people earning between $40,000 and $60,000 a year. Then last week we saw unemployment fall to a new 34-year low of just 4.2 per cent. Unemployment is now less than half the level prevailing when the Labor Party left office.

Last week the ABS released the March quarter national accounts, again confirming strong growth in our economy. Real GDP grew 1.6 per cent in the quarter, 3.8 per cent higher for the year, despite the continuation of the drought, which has seen farm production fall a massive 22 per cent in the past year. The strong growth figure was underpinned by strong private business investment, up 7.6 per cent just in the quarter. I am happy to confirm that these figures are affected somewhat by the historic full privatisation of Telstra, now finally regarded by the ABS as a private sector company. But even allowing for that useful and sensible reclassification, private investment was up 4.8 per cent in the quarter. Exports were up 4.7 per cent in real terms over the year. Business profitability rose again to be 13.9 per cent higher than a year ago, and it is now at record levels as a share of the economy. These strong profits are occurring right across the economy, not just in the resources industry—and of course that is great news for the approximately 50 per cent of Australians with direct or indirect exposure to the share market. We have also seen very strong growth in productivity. It was up 1.4 per cent in the December quarter and another 0.6 per cent in the March quarter, a total of two per cent in just six months. We expect that to continue as we reap the rewards of the very strong business investment that we have seen.

What is particularly great about this strong growth and now this low unemployment is that they have been achieved without inflation running away or a wages breakout as we used to see in this country. Of course that is only possible if you have a flexible, deregulated labour market. Mr Saul Eslake, the economist at the ANZ who is not a particular
friend of this government in his critique, told ABC Radio National last week:

In days gone by under different industrial relations systems those pay increases have flowed through to other parts of the economy where they have not been justified and eventually lead to accelerating inflation and higher interest rates—and he could have added ‘and higher unemployment’. He said:

That hasn’t happened on this occasion, and I think changes in the IR system have played a part in preventing those surging wages. I think it’s also true, to an extent that I must admit personally I’ve found a little surprising, the changes to the unfair dismissal laws appear to have prompted a marked acceleration in employment amongst small businesses, which in turn is another factor contributing to strong economic growth.

In other words, if the Labor Party were to implement its policy of bringing back the old unfair dismissal laws, allowing a return to pattern bargaining—which is clearly in their policy—and scrapping AWAs, we could not possibly keep inflation, unemployment and interest rates at the low levels at which they are now. Only a decade ago no-one believed you could get that happy trifecta of great economic outcomes. They will disappear if the Labor Party and the union movement get their way and jettison the very policies which have made these current economic outcomes possible.

**Dalai Lama**

**Senator BOB BROWN** (2.28 pm)—My question without notice is to the Minister representing the Prime Minister. I welcome the decision by the Prime Minister—and, indeed, the Leader of the Opposition—to meet His Holiness the Dalai Lama. I ask the minister: will the Prime Minister be using this opportunity, and his good offices, to bring about a win-win reconciliation situation between the exiled Tibetan leadership and people and the People’s Republic of China? If the minister does not know the answer to that, I ask if he would put the recommendation to the Prime Minister that he use this opportunity to move towards a pre-Olympics reconciliation between the Tibetan people and China, which of course would be a win for China, for Tibet and for the whole world.

**Senator MINCHIN**—It is true that the Prime Minister has announced that he will be meeting with the Dalai Lama this week. I am sure that is something that many in this chamber would welcome. I personally am pleased, as someone who does respect the Dalai Lama and his role in the world, that he is in a position to do so. I do not know what the content of the discussions will be. I am happy to ensure that the Prime Minister is aware of your recommendation, Senator Brown, but obviously it will be a matter for the Prime Minister as to what he wishes to raise with the Dalai Lama when he meets him. This is a difficult and sensitive area, as he would well understand. I respect not only Senator Brown but also the many others who have a particular view about the situation in Tibet. Senator Brown would also understand the extraordinary importance of Australia’s relationship with China. I think the Prime Minister in particular can take great credit for establishing a very strong professional relationship with China, marked by mutual respect on the Chinese side as well as on ours, in terms of the critical importance of that relationship and the importance of China and its demand for the things that Australia is so well placed to supply. We respect and understand the Chinese position with respect to the Dalai Lama and the issue of Tibet. Nevertheless, as I say, we are obviously pleased that the Prime Minister has seen fit to meet the Dalai Lama and I will pass on your recommendations, Senator Brown.

**Senator BOB BROWN**—Mr President, I ask a supplementary question. I thank the minister for that very positive response. I ask
if the minister would also pass on the comments from the Dalai Lama at the Press Club an hour or so ago that Tibet is seeking autonomy, not independence, and the advantages of the Chinese economic advance while protecting the globally-recognised cultural advantages of the Tibetan people. There appears to be no threat whatsoever to the Chinese regime from the Tibetan proposals. The Prime Minister might use his good offices, as I said earlier, to make that reassurance clear to the Chinese authorities on the road to, hopefully, a pre-Olympic rapprochement.

The President—Senator Minchin, I do not know whether you want to answer that statement. I did not hear a question.

Senator Minchin—No, whatever views those on the other side may have of the Prime Minister, it is a fact that he is always extremely well briefed when he meets with international visitors. I am sure that, on this occasion, he will also be extremely well briefed on the Dalai Lama’s views and his speech to the Press Club today and that he will go into that meeting well-informed.

Superannuation

Senator PARRY (2.33 pm)—My question is to the Minister for Communications, Information Technology and the Arts, representing the Minister for Revenue and Assistant Treasurer. Will the minister inform the Senate of how the government is improving the retirement income system for the benefit of all Australians? Is the minister aware of support for the government’s reform?

Senator COONAN—I thank Senator Parry for his question and for his longstanding interest in superannuation policy. Senator Parry, together with everyone in this chamber no doubt, is aware that Australia is currently enjoying one of the longest sustained periods of economic growth in its history. Due to the Howard government’s management of the Australian economy, unemployment is at a 33-year low, real wages are growing and over two million new jobs have been created since 1996. We are now building upon Australia’s prosperity to lock in the gains for future generations. A key feature of locking in future prosperity is the superannuation reforms that this government have introduced to assist people to save for their retirement. The changes to superannuation will ensure that Australia maintains one of the most advanced and well-managed retirement income systems in the world. These changes in superannuation would simply not have been possible without the strong economic management of this government over the past 12 years. The reforms also boost incentives to work and to save. For example, by making superannuation payments tax-free for those aged 60 and over, a person’s assessable income will be lower—reducing the tax paid on their other income, including their employment income. Importantly the reduction in superannuation taxation increases the reward for making voluntary payments to superannuation. Under the superannuation co-contribution scheme, the government contribute $1.50 for every $1 of after-tax superannuation contributions made by employees earning up to $28,000 to a maximum co-contribution of $1,500 per year.

Opposition senators interjecting—

The SPEAKER—Senator Evans, there is too much noise on my left. The minister deserves to be heard in silence.

Senator COONAN—To reward people for saving for their future, the government have announced that, as part of the 2007-08 federal budget, we will pay an additional one-off sum to double the co-contribution of the 2005-06 year. This means an eligible person who contributed up to $1,000 during the 2005-06 year will receive a co-contribution of up to $3,000 from the government for that
year which will be paid before 30 June this year.

I was asked by Senator Parry about community support for the government’s super policy. I am pleased to say that industry, analysts and superannuants have all warmly welcomed the government’s reforms. *Money* magazine’s Paul Clitheroe stated that the changes to simplify super are really quite amazing. Former ALP minister Susan Ryan has labelled the Treasurer as a ‘superhero’ for his bold and effective plan to simplify super and reduce taxes. Garry Weaven, the former ACTU notable and now industry fund advocate, said, ‘The government’s recent budget initiatives have proved that the Liberal Party is now the official party for superannuation.’ He could not have put it any higher. These comments have simply belled the cat on Labor’s abject failure while in government to provide Australians with reward for their efforts. Australians are now paying less tax. They now have a chance of a real job. They have a government which has paid off $96 billion of Labor’s debt, saving taxpayers $8 billion per year in interest payments. Now, in lieu of a big share of the nation’s debt, all Australians can share in the prosperity only made possible by the Howard government’s strong economic management.

**Ministerial Responsibility**

Senator LUNDY (2.37 pm)—My question is to Senator Ellison, Minister for Human Services. Does the minister recall misleading Senate estimates hearings on 24 May 2007, when he clearly stated he was not a shareholder minister for Health Services Australia? Wasn’t the minister forced to correct the record after the hearing had closed, admitting that he has been a shareholder in HSA since early 2005? Wasn’t this denial in the context of a discussion with the managing director of HSA over the granting of $3.75 million worth in contracts to a former colleague of his, without any tender process? Wasn’t the managing director also forced to correct the record after the hearing over claims he made about granting these contracts? Given the wrong and misleading evidence presented to the hearing, which acted to deflect further questioning, will the minister now commit to appearing before a reconvened estimates hearing this fortnight to allow the issue to be properly pursued?

Senator ELLISON—The answer I gave in Senate estimates hearings was on the advice that had been given to me that day in relation to my status as a shareholder and that is the reason for my answer. I gave it on the advice that I had been given. It was then subsequently advised to me that the position was different and, in accordance with long-standing Senate practice, I corrected the record as soon as possible. There is nothing sinister or conspiratorial in that, as much as Senator Lundy may like to think there is. I indicated to the estimates committee that I would look into the matter concerning Health Services Australia. I have asked the Secretary of the Department of Human Services to look into the issue that was raised, and the department is carrying out an appropriate assessment. The secretary will report back to me, and I will advise the Senate committee when that information is to hand.

Senator LUNDY—Mr President, I ask a supplementary question. I note that the minister did not commit to appearing before a reconvened estimates hearing. How can the minister claim that taxpayers do not have the right to know why $3.75 million worth in contracts was awarded to a friend of the managing director of HSA? Can the minister confirm that this $3.75 million worth in contracts was awarded after the managing director privately alerted only his former colleague to the opportunity? Wasn’t the managing director then involved in the decision
to not allow anyone else a chance to lodge a bid for the work? Does the minister support the managing director’s actions and, if not, what action will he now take?

Senator ELLISON—I made it perfectly clear. I have the secretary of the department carrying out an assessment of the issue. I think that is an appropriate way to go. I will await the report from the secretary and, when I have that to hand, I will consider it. Also, I undertook to advise the Senate estimates committee of the outcome of that, and I will do so. There is no need to reconvene any committee. An assessment of the situation is being carried out by the secretary. And, as I recall the advice of the CEO of HSA at the time, he said that he had advised the board. He believed that he had taken all proper actions in this matter and that HSA was not subject to Commonwealth procurement guidelines. But I am having this matter looked at by the secretary of the department. That is an appropriate course of action, and I will await the report.

Housing Affordability

Senator BARTLETT (2.41 pm)—My question is to the Leader of the Government in the Senate. Earlier in question time the Minister for Finance and Administration outlined some of the recent economic indicators that had come out since the Senate last sat. I noted that the minister neglected to mention the housing affordability index. Is the minister aware that this economic indicator shows housing affordability is at its worst level in decades? Is the minister aware that the Housing Industry Association has said that, if no action is taken, housing affordability in Australia cannot be restored until 2022 at the earliest? Can the minister inform the Senate what the government is doing about the housing affordability crisis in Australia?

Senator MINCHIN—Can I say that, on behalf of the government, of course we are concerned to ensure that Australians who aspire to home ownership are able to achieve it. We certainly have sympathy for those who wish to own their own home who may be having difficulty doing so. As I have previously said in this place and in other places—and as many members of government have noted—there are a whole range of factors that go to housing affordability. One of those is interest rates. Of course, the capacity to borrow money is critically important to the capacity to purchase a home. The deregulation of the financial system supported by us and introduced by the former Labor government—one of the few things which they did that was supported by us and which was very sensible—has meant much more capacity for ordinary Australians to finance themselves into new homes.

It is critical that economic policy settings are such that we do prevent upward pressure on interest rates. Home loan mortgage rates themselves are lower today than they were at any time in the 13 years of the previous Labor government. In terms of the levers available to us, what can we do? We can ensure optimal growth in real wages, and real wages are up some 14 per cent since 1996. We can ensure that policy settings are such that we keep downward pressure on interest rates. As I said, I think we are doing that. We can ensure that there is maximum jobs growth and that there is the lowest possible level of unemployment so that we have as many people in the workforce as possible able to afford homes, and we are doing that.

Among the other factors that go to housing affordability is the available supply of land. Land is one of the critical factors in the cost of purchasing a home. I do not have the figures directly in front of me but, as the HIA said, the actual cost of constructing a home in this country has been kept at a level with very little increase in real terms. What has risen dramatically is the cost of land itself. It
is true that, with a growing economy, a growing population and an immigration program of the sort that we are running, there is going to be increasing pressure on land supply. I do not want to be accused of passing the buck here, but the reality is that the federal government—whether it is Liberal or Labor—has no control over the supply of land. That is a matter wholly within the realm of state and local governments. They are responsible for what land is set aside and zoned for residential development. The fact is that the state governments can be fairly accused of dropping the ball when it comes to ensuring that there is appropriate availability of land in our major cities supplied to the market to ensure that you do not get upward pressure on the cost of land and the availability of land.

The state governments can also do a great deal with respect to the taxation of both building houses and purchasing houses. We, for our part, think that they have failed to take advantage of the significant revenue gains they have made with the GST to eliminate or reduce such things as stamp duty on both land purchases and housing purchases.

We are very conscious of this issue. We are concerned about it. From the point of view of the levers which we have control of, we are doing what we can. We are also doing our utmost to urge the states to do what they can to ensure that young Australians can seriously aspire to own their own home. That is a very significant aspiration that all Australians should have.

Senator BARTLETT—Mr President, I ask a supplementary question. Is the minister seriously telling the Senate and the Australian people that there is nothing extra that can be done at federal level to address the housing affordability crisis? Given the minister’s own statement that there are a whole range of factors that go to housing affordability, are there no other actions the government can take at the federal level to act on any of those factors? Does the minister agree with the Housing Industry Association and others that only a targeted whole-of-government national housing strategy will be able to address the housing affordability crisis? Why will the federal government not adopt a national strategy on this most crucial of issues?

Senator MINCHIN—What is important is that the government address the matters that are within its realm. As I said, they go to overall economic policy, unemployment, real wages and interest rates, which we have been addressing. There are responsibilities that state and local governments need to address. We have brought in things like the First Home Owners Scheme, and that is important. But you have to be very careful not to unduly stimulate demand for housing if there is not a capable, automatic and ready supply side response. It is no good artificially inflating demand for housing through various subsidies if you do not have the capacity for the supply of land and housing to respond to that. The supply of land and housing is totally within the realm of the state and federal governments. Various federal government ministers are working closely with their state counterparts and exhorting them to respond to ensure that the supply side of the housing market does work, because that is where the fundamental failing is. We will continue to exhort our state ministers to do so.

Telstra

Senator CAROL BROWN (2.48 pm)—My question is to Senator Coonan, the Minister for Communications, Information Technology and the Arts. I refer the minister to Telstra’s decision to close its call centres in the regional centres of Launceston, Newcastle and Wollongong, causing the loss of over 500 jobs in the process. Can the minister...
confirm that most of the jobs that remain will be relocated to call centres in Sydney, Melbourne and Perth? What does this say about Telstra’s commitment to regional Australia and the ability of the government to ensure that full privatisation will not lead to job losses and a reduction of services in regional Australia? Does the minister have an obligation to act in response to Telstra’s action? What action has the minister taken?

Senator COONAN—I thank Senator Carol Brown for the question. I am aware that on Tuesday, 5 June 2007 Telstra announced the closure of 13 call centres, including centres in Launceston, Newcastle, Brisbane and Wollongong. I have to place on record that the government is certainly disappointed by Telstra’s decision to close down call centres across Australia, especially in regional areas, which will result in a net loss of around 500 jobs. While unemployment is—thankfully, under the careful management of this government—at a 33-year record low of 4.2 per cent, call centre closures can still have an impact, especially in regional areas. Senator Carol Brown asked me what I had done about it. I have asked Telstra to meet the government this week—

Opposition senators interjecting—

Senator COONAN—I am sorry, Mr President, but obviously nobody is interested in what I am doing with Telstra.

The PRESIDENT—Order! Senators on my left.

Senator COONAN—Thank you, Mr President. I am very anxious to tell the chamber what I am doing. I have asked Telstra to meet the government this week and also to meet with the federal member for Bass, Mr Michael Ferguson MP, who is very concerned about these matters in his electorate, to discuss this decision, in particular the decision to close the call centre in Launceston.

Telstra is a commercial organisation. It began its long journey to commercialisation when it was corporatised under the Labor government. That in fact was the genesis of Telstra being able to undertake proper management decisions as it saw fit in its own commercial interests. Telstra has been an independent corporation since 1991. I wonder who was in government in 1991. Its board and management are responsible for the day-to-day running of the company’s operations. The government’s role is to establish the legislative framework, which we have done, within which all telecommunications service providers must operate. That does not include dictating to commercial operations on what jobs they must keep and what call centres they must maintain and keep open. What this government has done is to put in place sound economic management that has seen the largest growth in jobs for about 30 years and a situation where people have not only the chance of a real job but also the chance of a full-time job.

So decisions about how Telstra carries on its business, including about call centres and employment numbers, are properly a matter for Telstra. Our role is to require all telecommunications service providers, including Telstra, to comply with their regulatory obligations, including their obligations to consumers for their customer service guarantee and the universal service obligation. The focus is to ensure that consumers are the beneficiaries of new technologies, lower prices and better services. Encouraging competition is one of the very best ways to deliver these consumer benefits. Encouraging competition has benefited all Australians and the overall economy by creating jobs and reducing prices for telecommunications services. I will have conversations with Telstra because it is very important that the impact on people who may have lost their jobs in those re-
ional areas is minimised, and that is what we will do.

**Senator George Campbell interjecting**—

**The PRESIDENT**—Order! Senator George Campbell, you are repeatedly interjecting, and your colleague has the floor.

**Senator CAROL BROWN**—I ask a supplementary question, Mr President. Is the minister aware that 257 call centre employees in Launceston will lose their jobs next February as a result of Telstra’s callous decision to close their call centre? Does this not fly in the face of the promise by the federal member for Bass, Mr Michael Ferguson, who claimed on 17 August 2005 that ‘the sale of Telstra will not disadvantage Northern Tasmania’? What has the minister done to protect the jobs of the 257 employees who face the axe?

**Senator COONAN**—Thank you for the supplementary question. If I am not mistaken, the way in which jobs are being created in this economy under the Howard government means that there is in the order of 2,000 new jobs a day being created by the good management of this government. It is regrettable that some job losses are in regional areas, but it is important to understand that—

**Senator George Campbell interjecting**—

**The PRESIDENT**—Senator George Campbell, you are warned!

**Senator COONAN**—the government will take whatever steps we can to minimise the impact on those rural jobs. We will be having conversations with Telstra, and I expect that I will have something further to say about that shortly.

**Climate Change**

**Senator BERNARDI** (2.54 pm)—My question is to Senator Abetz, the Minister representing the Minister for the Environment and Water Resources. Will the minister inform the Senate how the Howard government plans to reduce Australia’s carbon dioxide emissions through an emissions-trading scheme while at the same time protecting working Australians and their families from economic disaster? Is the minister aware of any alternative policies?

**Senator ABETZ**—I thank Senator Bernardi for his question and note his strong interest in ensuring a rational and balanced response to emissions reductions. The issue of climate change is one that this government has been working on for quite some time. As far back as 1998 we created a world first with our Australian Greenhouse Office. Another part of this long-term and sustained approach has been our consideration of a national carbon dioxide emissions trading system. We are serious about reducing carbon dioxide emissions but not at the cost of crippling our economy and creating another Great Depression, or a ‘Garrett Depression’.

Last year the Prime Minister set up an emissions trading task force to examine the possibility of establishing such a scheme. Recently the task force released its report and, based on this, the government has determined to proceed with a domestic emissions trading scheme, grounded in sound economics, beginning no later than 2012. The government also accepts the conclusion that we should, when the appropriate modelling has been done, set a long-term aspirational goal for reducing greenhouse gas emissions and determine a least-cost pathway to help us get there. In setting up a carbon-trading system, a careful balance needs to be struck between environmental and economic values. I quote from the task force:

… ambition needs to be tempered with caution. In the period before there is international agreement, an Australian scheme should not prejudice the competitiveness of our trade-exposed emissions-intensive industries. Australian business should
not be lost to overseas competitors with no reduction in global emissions.

It is unfortunate that those on the other side do not accept that wise counsel. Such is their fervour to be seen as acting on this issue, they are prepared to put aside the impact of their policies on Australian families. The fanatical Australian Greens would have us cut CO₂ emissions to virtually zero, and their plan to do it seems to consist entirely of closing down Australia’s job-rich coal industry. And the Labor Party are not much better. By promising a rock-star target—or should that be a ‘rock-solid’ target?—of a 60 per cent reduction in emissions by 2050, Labor are promising to destroy the economy. The most bizarre thing is they made this pledge before their own report on appropriate targets was handed down.

Some time ago Mr Hawke—and the aspiration was right—made the promise that no child should live in poverty by the year 1990. We now have a variation on this theme courtesy of Mr Rudd, because if his scheme gets introduced he will be able to ensure that every child will live in poverty by the year 2050. That is the economic irresponsibility of the current leadership of the Australian Labor Party. Whilst Mr Hawke’s aspiration was good, it was unfortunately not achieved. But this sort of aspiration by Mr Rudd is going to commit Australian families and their children to an economic standard that they should not be committed to. In addressing carbon dioxide levels in the atmosphere, an important issue that needs to be taken into account is sound economic management. If we get this wrong for our economy, we get it wrong for every single Australian and for every single Australian family. (Time expired)

Senator BERNARDI—I ask a supplementary question, Mr President. The minister commented that the Howard government has been at the forefront of greenhouse research on emissions since 1998. I ask the minister: what are the further implications for the economy of the Johnny-come-lately politics that have been preached by the opposition?

The PRESIDENT—I do not believe that supplementary question is in order.

Senator Abetz—Mr President, I rise on a point of order. With respect to the past rulings that you have made, if there are aspects of the question that are out of order, so be it, but clearly the range of issues canvassed—

The PRESIDENT—Thank you for your advice, Senator, but Senator Bernardi was directly asking about Labor Party policy.

Senator Abetz—I rise on a point of order, Mr President. He was not—

The PRESIDENT—He was. Resume your seat.

Broadband

Senator CONROY (3.00 pm)—My question is to Senator Coonan, the Minister for Communications, Information Technology and the Arts. I refer the minister to the comments of Professor Larry Smarr, one of the original architects of the internet, that the state of our broadband infrastructure makes him ‘concerned about Australia’. Is the minister aware that Professor Smarr also stated: We are in a once-in-30 year transition, and if you are not serious about real broadband you will be gradually left out of more and more of the emerging business opportunities, and challenged for the ones you thought you had.

Isn’t it true that the Howard government’s 11 long years of neglect of the nation’s communications infrastructure has left Australia unprepared for the future challenges it will face in the international economy? Does the minister agree with Professor Smarr’s assessment that only fibre-optic broadband infrastructure will be able to secure the nation’s future prosperity?
Senator COONAN—I am so grateful that Senator Conroy got his question in. The recent comments from Professor Larry Smarr, of the United States, really fascinated me. He said that real broadband is one gigabit per second delivered by fibre to the premises. I do not really think the Labor Party has that in mind, because just the other day Mr Rudd said, in the clearest of terms, that he would chuck $4.7 billion of taxpayers’ money at a 12 megabit per second fibre rollout. Obviously, the Labor Party is going to fall very foul of Professor Larry Smarr, who talks about real broadband as a gigabit per second delivered by fibre to the premises. Of course, this is a very useful discussion point but it certainly does not represent what is happening in comparable countries today. In fact, I was surprised that Senator Conroy, in a recent interview, talked about fibre being rolled out in China and India. In fact, fibre is not being rolled out in China and India in extraordinary amounts, because they are basically deploying wireless technology.

The comparative data which Professor Smarr is quoted as using with regard to Australia appears to be derived from an out-of-date World Economic Forum survey. I went and had a look at this survey because it shows that when you come to other countries and make comments you really should check your data. It related to the data that the Labor Party frequently comments on—from the World Economic Forum. This 2002 survey not only is five years old but relates to international bandwidth data such as undersea communications cables. It has nothing to do with broadband speeds available to consumers.

So I welcome visiting people making comments about broadband. It is a very useful part of the debate. As I have said in great detail and ad nauseam, it is not a matter of whether we should have a high speed broadband network—we can and we will. Much as I am sure Senator Conroy would love to know what the government’s broadband policy is, he is going to have to wait a few days longer.

Senator Chris Evans—It’s just that you can’t deliver it!

The PRESIDENT—Senator Evans, you continually talk while your colleagues are getting to their feet.

Senator CONROY—I have a supplementary question. Can the minister confirm that the Howard government currently supports the rollout of a fibre-to-the-node network in just five major capital cities, leaving the rest of the country to make do with a ‘mix of technologies’? Given the minister’s endorsement of wireless and satellite services, will the minister now commit to connecting her own office, her own home and her own department to the wireless broadband that she intends to deliver to regional and rural Australians as part of the Howard government’s plans? Why doesn’t she put her money where her mouth is and connect her own home and offices?

Senator COONAN—in response to Senator Conroy’s supplementary question, I say that what this government will not be doing is chucking $5 billion of taxpayers’ money at building a network that the industry will fund itself. You have to ask yourself: if the Labor Party cannot even get its head around building a fibre-to-the-node network without helping itself to $5 billion of taxpayers’ money, how could it possibly manage a trillion-dollar economy?

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

Answers to Questions

Senator WONG (South Australia) (3.05 pm)—I move:

That the Senate take note of answers given by ministers to questions without notice asked by Opposition senators today.

Today in question time we had yet further examples of the arrogance of this government. The arrogance of the Howard government was on full display in question time today. This is a government and a Prime Minister which treats taxpayers’ money as its own. We have seen that in recent months with the millions of dollars in taxpayer funded government advertising that this government is foisting upon the Australian people in its attempt to improve its electoral chances.

In question time today we saw Senator Minchin refuse to indicate whether the figure that has been quoted in public—of $36.5 million on the second wave of the government’s Work Choices advertising campaign—is correct or not. So we look forward to Senator Minchin coming clean with the Australian people in its attempt to improve its electoral chances.

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What do we have today? Yet another variation on the theme—Senator Minchin trying to wriggle his way out of a difficult situation by saying that the government relied on the advice of Prime Minister and Cabinet that they could use Kirribilli provided the function was not of itself a fundraiser. This is what Prime Minister Howard thinks is public accountability in the late Howard era—as long as an event is not of itself a fundraiser, although it might be part of a fundraising package, it is quite legitimate to use a taxpayer funded official residence for it. The reality is that it is clear for all to see that Kirribilli House was used as of regard for public funds and taxpayers is the use of Kirribilli House for a Liberal fundraiser. The Prime Minister says this was not a Liberal Party fundraiser. The reality is it was, and the Australian people know it. These are the facts. Kirribilli House is a taxpayer funded official residence. It is not a Liberal Party function centre, but that is precisely what this Prime Minister and this government have been using it as. This is Prime Minister Howard acting like he owns the place, using Kirribilli House, a taxpayer funded official residence, for a fundraiser.

We have seen attempts in recent days by the Prime Minister to worm his way out of this embarrassing situation. First he hides behind saying that this was not a fundraiser; it just happened to be a function to which business observers—who have paid thousands of dollars to the Liberal Party of Australia—were invited. Part of what they get for their donation and attendance at the Liberal Party Federal Council is an invite to Kirribilli House for drinks with the Prime Minister. It is very simple: you pay money to the Liberal Party and in return, amongst other things, you get drinks at Kirribilli with the Prime Minister. The Australian people understand what a fundraiser looks like. This was a fundraiser.

What do we have today? Yet another variation on the theme—Senator Minchin trying to wriggle his way out of a difficult situation by saying that the government relied on the advice of Prime Minister and Cabinet that they could use Kirribilli provided the function was not of itself a fundraiser. This is what Prime Minister Howard thinks is public accountability in the late Howard era—as long as an event is not of itself a fundraiser, although it might be part of a fundraising package, it is quite legitimate to use a taxpayer funded official residence for it. The reality is that it is clear for all to see that Kirribilli House was used as
part of a fundraising effort for the Liberal Party, and no amount of wriggling by this Prime Minister or his ministers is going to alter that.

In terms of the advice that Senator Minchin says was given by Prime Minister and Cabinet, not only does Senator Minchin rely on some legalistic definition; he also refuses to table the advice. So what we have from this government when confronted with the facts around a Liberal Party fundraiser is a reliance on advice that they refuse to make public and, frankly, a somewhat puerile attempt to demonstrate that this was not a fundraiser by saying, ‘Well, it wasn’t of itself a fundraiser.’ (Time expired)

Senator RONALDSON (Victoria) (3.10 pm)—Talk about the pot calling the kettle black! We have heard it all today. Can I give you one example, Senator Wong. You might want to look at the Queensland papers from over the weekend—there was a full-page ad from Mr Beattie, not even authorised, that said, ‘Queensland government driving coal infrastructure’. What about Premier Rann over the weekend advertising his South Australian budget? What about the $354 million that the state Labor governments spent on advertising last year? What about the $160 million spent by the Bracks government alone in relation to advertising? What about the $90 million spent by the New South Wales government in the run-up to the last state election? What absolute, patent nonsense! How hypocritical of the Australian Labor Party to come into the Senate and talk about advertising. We have been waiting here listening intently and you have not said one word, Senator Wong, about the state Labor governments’ spending—not a single word. How duplicitous of you to come in here and plead a cheap political point. They have all of a sudden slipped from walking around with puffed out chests as an alternative government back to their old habits of being a useless opposition. Not one question today was relevant to the Australian people. There was not one policy discussion. Again, all we heard was cheap political point-scoring.

Senator Carol Brown interjecting—

Senator RONALDSON—Let’s have a talk about this government’s advertising. Senator Carol Brown can yell and scream as much as she likes. She actually has to explain to the people of Tasmania why they cast 12,000 jobs out of Telstra. There has not been a word from the Australian Labor Party. Under Kim Beazley, as communications minister, 12,000 Telstra jobs were cut. Senator Brown, can I suggest you check your facts before you ask those stupid Dorothy dixer questions at question time.

Let’s have a look at what we have spent on advertising. There was $118 million spent through the 2006-07 financial year on campaign advertising. There was the Telstra 3 campaign offer—we shouldn’t have used that? What about the Skills for the Future campaign to encourage people to take up apprenticeships? The Australian Labor Party is saying to the people of Australia and saying to this chamber that we cannot spend money to encourage young people to take up apprenticeships. That is what they are saying: ‘We don’t care about the future of this country’s young people and this government cannot spend money on apprenticeships.’

What about financial literacy? There was $11.6 million for the financial literacy campaign to teach people how to manage their money better. Senator Wong of all people, with her shadow portfolios, is saying that this government is not allowed to advise and assist people in how to best manage their money. Coming from the shadow minister, with the responsibilities that she has, I find that quite extraordinary.

What about the youth tobacco campaign? Are we not able to go out and try to convince
young people about the dangers of smoking? Is that what the Australian Labor Party is

telling us today? Shame on you—absolute shame on you. Then there is the national skin

cancer campaign on which we spent $5.2 million. Is the Australian Labor Party saying

does not care enough about skin cancer to enable this government to go out and make

sure the people do whatever is required to avoid the ravages of skin cancer.

I will very quickly go through a quote. I suspect that one of my other colleagues may

want to talk about this as well.

The workplace relations ad appeared to me to be a non-political commercial that advertised

changes to the law and how to get information about those changes. The ad offered no endorse-

ment of government policy on workplace relations and, as such, did not conflict with my per-

sonal principles.

This was from the lead actor in the government’s Work Choices advertising. Who was it? Mr Fletcher— (Time expired)

Senator Faulkner (New South Wales) (3.15 pm)—John Howard treats public property and public funds as his own private windfall. That is a real problem that we have got. Eleven years ago, Mr Howard de-
cided to stick the Australian taxpayer with the bill for two official residences: Kirribilli

House and the Lodge. Then he got to turning Kirribilli House into ‘party central’, which I

named it some years ago. There is a wine consultant, a huge cellar and a $243,000

booze bill for the guzzlers at Kirribilli House. There have been massive refurbish-
mements—renovation and refurbishing has run to more than $760,000 at Kirribilli House.

And that is just the costs that we have been able to find out about.

Nobody actually thought he would turn Kirribilli House ‘party central’ into ‘Liberal Party central’, but that is what he has done now. Now we find that Kirribilli House is being used for Liberal Party fundraisers at

more than $8,000 a head. This is not only outrageous, it is a totally improper exploita-
tion of that grand Australian residence, which is part of the national estate. It is an improper use of Kirribilli House for party political fundraising.

The Prime Minister’s defence that the costs were met by the Liberal Party is a joke. We have seen year after year just how difficult it is to find out what the Howards spend on their parties down there at ‘party central’, Kirribilli House. The Christmas and New Year knees-ups that John Howard had down at Kirribilli House this year are only two examples. But of course there is no account-

ability for the public money that he spent there on those functions in a property that is

owned by the Australian people. There was a wall of silence about who was invited to these two knees-ups. We do not know who was invited, we do not know who attended and we do not know the costs of the func-
tions. We do not know what was spent and we do not know what was consumed because he will not tell us. Mr Howard will not tell us because he hates accountability. Given this track record, we can be sure that any costs that are disclosed by Mr Howard for re-

election fund cocktail parties will be too little too late, if they are disclosed at all.

The abuse down there at Kirribilli House ‘party central’ is only one way that John Howard uses the public purse as his own pocket money. The biggest abuse—the biggest rort—is the government’s expenditure on taxpayer funded partisan political advert-
sising. That is the biggest rort of all. Government advertising in this financial year and the next financial year alone will cost at least $550 million. These are just the ones we have been able to find out about through the Senate estimates process. The Howard gov-

ernment is now wasting taxpayers’ money on advertising at absolutely record speed. Be-
tween the last election and the upcoming
election Mr Howard will have spent between $800 million and a billion dollars on advertising. That will take it to a total of $1.85 billion worth of taxpayer funded advertising campaigns since the election of the Howard government. This money is really burning a hole in Mr Howard’s pocket.

We have never seen an Australian government so blatant in revelling in grotesque abuses of the privileges of office as Mr Howard and his government. Of course, this is on top of the $500,000 for the proposed renovation of his dining room here in Parliament House—until we exposed him. *(Time expired)*

**Senator FIFIELD** (Victoria) (3.21 pm)—We have just seen an example of Senator Faulkner’s confected outrage. It is a skill that he has honed to a fine art in the Senate estimates committees and here in the chamber. We have seen this particular act many times before.

I would like to start with the issue of Kirribilli House. It is clear that the function at Kirribilli House was not inappropriate and it was not at any cost to the Australian taxpayer. Successive prime ministers have taken a fairly broad view of what is an appropriate function to have at Kirribilli House or the Lodge. I recall a particular luncheon that was held at Kirribilli House to negotiate a particular pact between a then Labor prime minister and Labor treasurer. There has been a range of functions held at Kirribilli House.

But a true example of something that is inappropriate, again under the former Labor government, is the selling of budget night tickets for the House of Representatives gallery. That is an example of something that is inappropriate. Under the former Labor government, packages were sold and, lo and behold, part of a package was a seat in the House of Representatives gallery for budget night. If you want to look at examples of something which could perhaps be inappropriate, look no further than the previous government.

We have also heard great exclamations today about the inappropriate nature of government advertising. The advertising that this government has undertaken has been on the same basis as that of the former Labor government—on the basis of the 1995 guidelines under which Paul Keating operated, guidelines which said:

... all Australians have equal rights of access to information about programs, policies and activities which affect their benefits, rights and obligations ...

... All departments are required to conduct their public information programs at a level appropriate for ... impact on the community ...

And that is exactly what this government is doing.

What we have not heard from the Labor Party is which particular campaigns they want to knock out. Do Labor want to knock out campaigns against alcoholism and illegal drugs? Do they want to knock out campaigns encouraging people to quit smoking? Do they want to knock out campaigns encouraging people to take out Australian citizenship? Do they want to knock out campaigns about protecting our flora and fauna and about quarantine? Do they want to knock out campaigns urging people to consider and employers to support apprenticeships? Do they want to knock out campaigns urging vaccinations against cervical cancer? Do they want to knock out campaigns informing country people of their telecommunications rights? Do they want to knock out campaigns encouraging people to get involved with environmental projects? We need to hear from Labor which particular campaigns they want to knock out—not just saying that the government advertising spend is too big, but actually going through and telling us which particular campaigns they want to knock out.
We have seen Labor’s hypocrisy. When they were in office, we had the ‘money growing on trees’ campaign, costing $10 million, for their superannuation guarantee ads. We had the Working Nation advertisements, which cost $9 million and which had no content, no information, at all. And we had $250,000 paid to Bill Hunter for that government advertising campaign, only to see the same actor, Bill Hunter, then pop up in Australian Labor Party advertisements during the 1996 election commercials. So you had Bill Hunter in a paid government ad and, a few weeks later, Bill Hunter in a paid ALP ad. We had never seen anything of that nature before in Australian politics, and that is something which this government would never, ever do. We have also seen instances in the past where we have had Frank Walker, who was the housing minister in the Wran government, appearing in a government ad—the Hon. Frank Walker QC. Steve Bracks has appeared in government ads in Victoria, flying in a chopper over dams, making the point—which we all know—that water is scarce. There is no good reason for Steve Bracks to be in that particular ad; it is complete and absolute hypocrisy.

But, if we want a real example of Labor blowing taxpayers’ money, we need go no further than the front page of today’s *Herald Sun*, headed ‘Silk’s purse’, which reveals that Mr Mark Dreyfus QC, Labor’s candidate in the federal seat of Isaacs, was paid by the Bracks government $340,000 to help try and foist a toxic waste dump on the people of Mildura. We do not have to go too far to see examples of outrageous ALP spending; we only have to look at the state governments. We know, if we want to see that sort of thing repeated, to elect a federal Labor government—and you will see the sort of thing that we are seeing in Victoria, with Mr Mark Dreyfus QC being given $340,000 of taxpayers’ money to try and foist a toxic waste dump on the people of Mildura.

This government does spend responsibly. The Australian people are entitled to have government programs explained to them and to have government legislation explained to them. That is what we are doing. *(Time expired)*

*Senator FORSHAW* (New South Wales) *(3.26 pm)*—What a pathetic attempt by Senator Fifield at defending this government’s record. Let me take you back to 1995, when these words were put out in a press release by the then opposition leader, John Howard. He said:

This soiled Government is to spend a massive $14 million of taxpayers’ money over the next two months as part of its pre-election panic. Judging by information coming from within the public service, if the full communication barrage runs its course it could reach $50 million. This Government has effectively allowed the Labor Party to get its fingers into the taxpayers’ till.

They were the words of the then Leader of the Opposition, John Howard. Since he became Prime Minister in 1996, John Howard has presided over the most arrogant, spend-thrift government in the history of this country. It is a government that is effectively a bunch of hypocrites when it comes to dealing with issues of government advertising and government expenditure. We are not talking about the normal government advertising that is done for defence recruitment, quarantine issues or any of those other important campaigns in the interests of the Australian public. What we are talking about, as every senator on the government side knows, is the campaigns that have been blatantly used as pre-election propaganda.

I was privileged to chair the Senate Finance and Public Administration References Committee inquiry into government advertising and accountability, which reported in December 2005. That, mind you, was in the
days when Senate committees were able to inquire into important issues of government accountability, unlike today. That inquiry highlighted the fact that, in the first five years of the Howard government, government advertising increased by over 40 per cent from the last five years of the Keating government. Most notably, when you take out the expenditure on such things as defence recruitment, the bulk of the expenditure was in promoting those campaigns that this government saw as important to its election prospects; the GST campaign—remember ‘unchain my heart’ or whatever it was; plagiarism at its worst—and Medicare—

Senator Sandy Macdonald interjecting—

Senator FORSHAW—It worked because the Democrats sold out. That is why it worked; it had nothing to do with the advertising campaign. There was the campaign promoting the changes to Medicare. Remember the campaign on national security, the famous fridge magnet? I wonder how many people still have their fridge magnets. And of course there was that scurrilous campaign, $55 million on the introduction of Work Choices, an advertising campaign that was run before the legislation was even introduced into the parliament.

Mr Deputy President, $118 million was spent on the GST, $18½ million on the national security campaign, $54 million on Medicare, the PBS and those other health campaigns—all to convince the public on the government’s policies, to assist the government in its election campaign. As Senator Faulkner has just referred to, we now have a situation where government advertising under this government has reached $1.8 billion since the Howard government was elected, and, in the current two years, this and the next financial year, it has reached almost $1 billion. It has generally run at around $100 million to $150 million on average. It is now running at around $500 million on average. And now, again, we are going to have a campaign to try and convince the people about the changes to Work Choices, because the previous campaign did not work. The Prime Minister has now accepted that it is not a fair system, so the government is now going to spend millions more dollars trying to convince the public that it is going to change Work Choices to make it fairer.

I am old enough to remember senators and members of the coalition attacking Gough Whitlam when he bought Blue Poles—a national treasure now—and attacking Paul Keating when he put the Gould prints into the cabinet room. The worst thing that had ever happened! ‘Scurrilous and outrageous conduct,’ they cried! Yet here we have a Prime Minister who wants to increase the size of his dining room simply so he can enjoy his last supper! (Time expired)

Question agreed to.

Housing Affordability

Senator BARTLETT (Queensland) (3.31 pm)—I move:

That the Senate take note of the answer given by the Minister for Finance and Administration (Senator Minchin) to a question without notice asked by Senator Bartlett today relating to housing affordability.

We saw, in question time today, the government, including Senator Minchin, making a lot of noise about and showing a lot of pride in the economic indicators that have come out in recent times—the low unemployment rate, the low inflation rate and the high GDP growth. I can understand and do not begrudge the government doing that and attempting to take responsibility for those good economic indicators. But when the minister was questioned about another economic indicator, Australia’s housing affordability index, which shows that housing affordability in Australia is at record lows,
suddenly it was nothing to do with the federal government; suddenly it was all the fault of the states.

This is a key economic indicator and, frankly, if we cannot fix it up, it will override all of the gains we get through lower unemployment and through keeping inflation under control. It is not keeping the cost of housing under control, whatever your inflation rate says. And that is not just for people wanting to buy housing, as the minister suggested in his answer; it is also for those in the private rental market as well.

This housing affordability crisis has occurred, has developed and got to the worst stage on record in Australia under the watch of the federal coalition government. And it is simply not good enough to say: ‘Oh well, we are doing everything we can, and everything that is going wrong is all the states’ fault.’ It is just not good enough. I must have asked Senator Minchin this question at least four times now over the years. That is how long this crisis has been going, and it has got worse over that time. Yet, every time, that is all he has had to say in response—that everything that is wrong is in the lap of the states. There are things that the states should do about it and, indeed, some of them are doing them, as are local councils. But this crisis has to have a national response.

Yet, once again, we had the Leader of the Government in the Senate refusing to consider the simple approach of tackling this national crisis in housing affordability with a national strategy. There is no national housing strategy or agenda or policy from this federal government, at a time when we have the worst housing affordability crisis on record. That, to me, is a disgrace, and it is just not good enough for the minister to say that he has sympathy for people. I am sure he has sympathy for people who are struggling with the housing affordability crisis. But that is not good enough.

You cannot wrap yourself in glory and self-praise for the good economic indicators and then refuse to take responsibility for one of the worst and one of the most serious economic indicators in the country. As I said, low unemployment is great; low inflation is great; wages growth is great. But if none of that keeps pace with something as fundamental as housing affordability then all of those gains are being outweighed by the losses in the housing affordability area.

It simply beggars belief that there is a refusal to act at national level on this issue. It is bad enough to just keep shifting the blame. That is what governments do all the time; I appreciate that. But to refuse to act, to refuse to adopt a national strategy, is simply ridiculous. And it is beyond belief that the minister could suggest that there is nothing extra the federal government can do about housing affordability issues. Yet that is basically the substance of the reply that Senator Minchin gave today—as it has been all the other times I have raised this issue and asked him pretty much the same question, year after year after year. The response has been the same.

The Housing Industry Association is responsible for putting together the housing affordability index, and it has called for a national summit on housing affordability to work together with all the industry, social, community housing and union groups, as well as state and local governments, and they have called for a national approach and national leadership on this issue, as have many other groups across the political spectrum. The Housing Industry Association is hardly a radical left-wing body; it is an industry association that has a lot of knowledge and expertise in this area. It is simply ridiculous that we are not getting action. The Democrats repeat our call for this to be made a na-
tional priority and for there to be action at a national level. It is something we would support and cooperate with. It does mean looking at all of the issues; it does mean a holistic response; it does mean showing some vision—(Time expired)

Question agreed to.

PERSONAL EXPLANATIONS

Senator FORSHA W (New South Wales) (3.36 pm)—I seek leave to make a personal explanation as I claim to have been misrepresented.

Leave granted.

Senator FORSHA W—On Saturday, 12 May 2007 the *Herald Sun* published an opinion piece by Gerard McManus under the heading ‘Rattling in the ranks’. The article canvassed a range of issues in connection with ALP federal preselections in New South Wales and Victoria. This article contained untrue and defamatory allegations and statements about me. The article stated in particular:

> It is likely Arbib will be placed on the No.1 spot on the Senate ticket, following in the footsteps of a long line of NSW ALP assistant secretaries into the Senate.

> Arbib reportedly wants to take over from Victorian senator Stephen Conroy as Labor’s Senate deputy leader—a contest that will cause serious internal ructions.

> However, under the original plan, Arbib was to have taken the place of Michael Forshaw, a senator since 1994, who had himself taken the spot of another Labor head office chief, Graham Richardson.

> Senator Forshaw is not up for re-election and therefore his resignation would have created a casual vacancy for Arbib to step in.

> The problem was, Senator Forshaw refused to go, demanding a promise in writing that he would be “looked after” in a similar way to the way Senator Amanda Vanstone was recently taken care of when she quit the Senate.

This allegation and these statements are completely untrue. At no stage have I ever sought or requested a promise, either verbally or in writing, of an appointment in return for resigning my office as a senator. In fact, the opposite is the case. When speculation about my future started to occur recently in the media, I made it very clear to anyone who asked, including journalists, that I was intending to remain in the Senate and was looking forward to being part of a Rudd Labor government.

The article then went on to say in the next paragraph:

> But when the NSW power-brokers declined to oblige, Forshaw decided to stay put, forcing the party to tip another woman, Senator Ursula Stevens, down to the precarious third spot on the Senate ticket at the coming election.

This statement is also untrue as it is based on a false allegation that I had sought a promise in writing. When I was advised of the article, which appeared in a Saturday morning Melbourne newspaper, I was shocked and outraged, as I believe the article seriously impugned my reputation and character. I should also state that Mr Gerard McManus did not speak to me or attempt to contact me prior to the publication of his article. Given the serious nature of his allegations, I believe this was both unethical and unprofessional. I contacted Mr McManus as soon as possible after the article was published to advise him that his allegations were both untrue and slanderous. On Saturday, 26 May the *Herald Sun* published the following retraction and apology in Mr McManus’s column:

> Two weeks ago this column reported on recent preselections in the NSW ALP.

> The column included a claim that Senator Michael Forshaw demanded a promise in writing that he be “looked after” if he agreed to party demands to quit the Senate early.

> Senator Forshaw has denied he made any such demand, and says all the requests for him to make
way for another Labor figure were made by other parties.

He rejected all overtures.

The *Herald Sun* accepts Senator Forshaw’s version of events and that he did not initiate talk about a post-political appointment and apologises for any hurt caused.

However, the *Herald Sun* stands by the story that offers were made to Senator Forshaw.

With regard to that last sentence, I would point out that this was not the original story that was written by Mr McManus and published in the *Herald Sun*.

**PETITIONS**

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

**Child and Family Centre**

To the honourable President and members of the Senate in parliament assembled:

The petition of the undersigned wish to acknowledge the need for childcare services in our community and support the construction of a community-based not-for-profit Child & Family Centre within the Beaconsfield Primary School grounds. This centre would offer long-day childcare, before & after school care; parent consulting rooms and family resources for the community.

Your petitioners request that the Senate support this initiative by ensuring government funds be put aside for the provision of child & family centre infrastructure, in particular long-day childcare and before & after school care, in communities where this need has been clearly identified.

by Senator Barnett (from 382 citizens)

Petition received.

**NOTICES**

**Withdrawal**

Senator ADAMS (Western Australia) (3.40 pm)—I withdraw general business notice of motion No. 634 standing in my name for today relating to the Wheat Marketing Legislation Bill 2007.

**Presentation**

Senator Barnett to move on the next day of sitting:

That the Joint Standing Committee on Publications be authorised to hold a public meeting during the sitting of the Senate on Monday, 18 June 2007, from 12.30 pm to 1.30 pm, to take evidence for the committee’s inquiry into printing standards for documents presented to Parliament.

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

That the Senate—

(a) notes:

(i) the impact of reduced rainfall on inflows into river systems in northern New South Wales due to the combined effects of climate change and drought;

(ii) that serious water management issues already exist in these systems, including problems with the over-allocation of water resources, and

(iii) the economic value of the range of industries that depend on these systems, from dairy farms on the floodplains through to commercial fisheries; and

(b) calls on the Federal Government to:

(i) abandon the further assessment of damming and extracting water from these northern rivers for additional water supplies for southeast Queensland, and

(ii) focus its efforts on non-runoff dependent alternative sources to meet increasing demand, such as setting water efficiency standards and water conservation measures.

Senator Bartlett to move on 14 June 2007:

That the Senate—

(a) notes that the Legal and Constitutional Affairs Committee report, Unfinished business: Indigenous stolen wages was tabled in the Senate on 7 December 2006;

(b) notes that the report contained six unanimous recommendations, as follows:
Recommendation 1
The committee recommends that the Commonwealth Government and state governments facilitate unhindered access to their archives for Indigenous people and their representatives for the purposes of researching the Indigenous stolen wages issue as a matter of urgency.

Recommendation 2
The committee recommends that the Ministerial Council on Aboriginal and Torres Strait Islander Affairs agree on joint funding arrangements for:
(a) an education and awareness campaign in Indigenous communities in relation to stolen wages issues; and
(b) preliminary legal research on Indigenous stolen wages matters.

Recommendation 3
The committee recommends that the Commonwealth Government provide funding in the next budget to the Australian Institute of Aboriginal and Torres Strait Islander Studies to conduct a national oral history and archival project in relation to Indigenous stolen wages.

Recommendation 4
The committee recommends that:
(a) the Western Australian Government:
(i) urgently consult with Indigenous people in relation to the stolen wages issue; and
(ii) establish a compensation scheme in relation to withholding, underpayment and non-payment of Indigenous wages and welfare entitlements using the New South Wales scheme as a model, and
(b) the Commonwealth Government conduct preliminary research of its archival material in relation to the stolen wages issues in Western Australia.

Recommendation 5
The committee recommends that the Commonwealth Government in relation to the Northern Territory and the Australian Capital Territory, and the state governments of South Australia, Tasmania and Victoria:
(a) urgently consult with Indigenous people in relation to the stolen wages issue;
(b) conduct preliminary research of their archival material; and
(c) if this consultation and research reveals that similar practices operated in relation to the withholding, underpayment or non-payment of Indigenous wages and welfare entitlements in these states, then establish compensation schemes using the New South Wales scheme as a model.

Recommendation 6
The committee recommends that the Queensland Government revise the terms of its reparations offer so that:
(a) Indigenous claimants are fully compensated for monies withheld from them;
(b) further time is provided for the lodging of claims;
(c) claimants are able to rely on oral and other circumstantial evidence where the records held by the state are incomplete or are allegedly affected by fraud or forgery;
(d) new or further payments do not require claimants to indemnify the Queensland Government; and
(e) the descendants of claimants who died before 9 May 2002 are included within the terms of the offer.

Notes
The Senate notes that the Federal Government has yet to respond to the report’s recommendations, more than 6 months after the report was tabled, and did not act on recommendation 3 in the 2007-08 Federal Budget;

(d) urges the Federal Government to table a response to the report in the Senate by 7 August, 2007; and
(e) requests state governments to provide a response to the Senate regarding those recommendations which are relevant to them.
Senator Allison to move on the next day of sitting:

That the Senate—

(a) recognises that, according to a survey of parents commissioned by the Coalition on Food Advertising to Children:

(i) 86.2 per cent support a ban on advertising of unhealthy foods at times when children watch television, and

(ii) 88.7 per cent agree that the Government should introduce stronger restrictions on food advertising at times when children are watching television; and

(b) calls on the Government to support a ban on food advertising during peak viewing times of children.

Senators Carol Brown, O’Brien, Polley and Sherry to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the comments by the Member for Bass, Mr Michael Ferguson, on 17 August 2005 that the ‘sale of Telstra will not disadvantage Northern Tasmania’,

(ii) the announcement by Telstra on 5 June 2007 that it plans to close its Launceston Service Advantage centre, which will result in the loss of 257 jobs,

(iii) that, on top of this, a further 20 Telstra technician’s jobs were axed on 6 June 2007, and

(iv) the dramatic effect these redundancies will have on the lives of workers and their families; and

(b) calls on the Minister for Communications, Information Technology and the Arts (Senator Coonan) to join Tasmanian members and senators and the Tasmanian State Government to lobby Telstra to reverse the decision.

Senators Ronaldson, Conroy, Allison, Fielding, Fifield, Kemp, McGauran, Patterson, Troeth, Carr, Marshall and Robert Ray to move on the next day of sitting:

That the Senate sends:

(a) its sympathies to the families of the 11 people who were tragically killed in the Kerang train disaster;

(b) a message of support to those who were injured and wish them a full and speedy recovery;

(c) its gratitude to the emergency personnel, many of whom were volunteers, who performed with great skill and dedication during the rescue operation; and

(d) its thanks to the members of the public who offered assistance at the crash site, many of whom had been passengers aboard the train.

Senator Watson (Tasmania) (3.41 pm)—I give notice that 15 sitting days after today I shall move:

That the Broadcasting (Charges) Determination 2007 and the Radiocommunications (Charges) Determination 2007, made under subsection 60(1) of the Australian Communications and Media Authority Act 2005, be disallowed.

I seek leave to incorporate in Hansard a short summary of the matters raised by the committee.

Leave granted.

The summary read as follows—

[Legislative Instruments Act 2003 provisions apply to the instruments: must be resolved within 15 sitting days after today or the instruments will be deemed to have been disallowed.]

No. 1 – FRLI Number – F2007L00371

No. 2 – FRLI Number – F2007L00372

Broadcasting (Charges) Determination 2007

Radiocommunications (Charges) Determination 2007

The determinations update broadcasting and radiocommunications charges arising from a review of the Australian Communications and Media Authority’s cost recovery fees and charges.

The Committee sought an explanation for the changes to various fees provided for in these determinations. The Committee has received a response and is seeking further advice from the Minister on this matter.
Senator Sandy Macdonald to move on the next day of sitting:
That the Senate—
(a) notes the extensive and destructive flooding of the New South Wales Central Coast and Hunter region of New South Wales over the long weekend of 9 June to 11 June 2007;
(b) recognises the pain and loss being experienced by affected communities particularly with respect to the loss of life, property, housing, buildings, roads and community infrastructure;
(c) congratulates all levels of government and community organisations, particularly police, ambulance, Australian Defence Force, state emergency service personnel from far and wide, rescue crews and all those responding to the human heartache and loss brought about by this natural disaster;
(d) highlights the general assistance provided by the Federal Government under the Natural Disaster Relief and Recovery Arrangements which provides assistance to state governments with costs and resourcing of response and recovery operations in large scale disasters;
(e) highlights the particular assistance being provided by the Federal Government in the form of cash payments to people who have suffered serious injury, lost their principal place of residence, or had that residence rendered uninhabitable for a period of 48 hours as a direct result of this disaster; and
(f) notes that this additional relief will amount to $1,000 per eligible adult and $400 per eligible child and is accessible through Centrelink.

Senators Nettle and Stott Despoja to move on 14 June 2007:
That the Senate—
(a) notes that Australia and the United States of America are the only two Organisation for Economic Co-operation and Development countries without a national paid maternity leave scheme;
(b) congratulates marie claire for its ‘Push It’ campaign calling for mandatory paid maternity leave; and
(c) calls on the Government to legislate for government-funded paid maternity leave.

BUSINESS
Rearrangement
Senator ABETZ (Tasmania—Manager of Government Business in the Senate) (3.44 pm)—I move:
That consideration of the business before the Senate be interrupted at 5 pm today and tomorrow, but not so as to interrupt a senator speaking, to enable Senators Boyce and Birmingham, respectively, to make their first speeches without any question before the chair.
Question agreed to.

COMMITTEES
Corporations and Financial Services Committee
Migration Committee
Meeting
Senator PATTERSON (Victoria) (3.44 pm)—by leave—I move:
That:
(a) the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 13 June 2007, from 3.30 pm, to take evidence for the committee’s inquiry into the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007 and related bills; and
(b) the Joint Standing Committee on Migration be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 13 June 2007, from noon till 1.30 pm, to take evidence for the committee’s inquiry into temporary business visas.
Question agreed to.
Environment, Communications, Information Technology and the Arts Committee

Foreign Affairs, Defence and Trade Committee

Extension of Time

Senator PATTERSON (Victoria) (3.45 pm)—by leave—I move:

That the time for the presentation of reports of committees be extended as follows:

(a) Environment, Communications, Information Technology and the Arts Committee—Report on Australia’s Indigenous visual arts and craft sector to 21 June 2007; and

(b) Foreign Affairs, Defence and Trade Committee—Report on public diplomacy to 9 August 2007.

Question agreed to.

LEAVE OF ABSENCE

Senator PATTERSON (Victoria) (3.45 pm)—by leave—I move:

That leave of absence be granted to Senator Nash today on account of ill health.

Question agreed to.

NOTICES

Postponement

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 a matter to the Rural and Regional Affairs and Transport Committee, postponed till 14 June 2007.

General business notice of motion no. 747 standing in the name of the Leader of the Australian Greens (Senator Bob Brown) for today, proposing the introduction of the Lobbying and Ministerial Accountability Bill 2007, postponed till 14 June 2007.

General business notice of motion no. 775 standing in the name of the Leader of the Australian Democrats (Senator Allison) for today, proposing the introduction of the Energy Savings (White Certificate Trading) and Productivity Bill 2007, postponed till 14 June 2007.

General business notice of motion no. 791 standing in the name of Senator Milne for today, relating to Colombia and human rights, postponed till 14 June 2007.

General business notice of motion no. 792 standing in the name of the Leader of the Australian Democrats (Senator Allison) for 13 June 2007, proposing the introduction of the Peace Commission and Non-Violence Bill 2007, postponed till 14 June 2007.

COMMITTEES

Corporations and Financial Services Committee

Meeting

Senator PATTERSON (Victoria) (3.46 pm)—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, 12 June 2007, from 4.30 pm, to take evidence for the committee’s continuing oversight of the operations of the Australian Securities and Investments Commission.

Question agreed to.

WOLLEMI NATIONAL PARK

Senator NETTLE (New South Wales) (3.47 pm)—I move:

That the Senate—

(a) notes:

(i) the decision by the New South Wales Government to allow Emirates Hotels & Resorts to build a $60 million resort in the World Heritage-listed Wollemi National Park, and

(ii) that this sets a dangerous precedent about development in World Heritage areas; and

(b) calls on the Federal Government to reject the development in the World Heritage area.

Question negatived.
AGED CARE AMENDMENT (RESIDENTIAL CARE) BILL 2007
Report of Community Affairs Committee

The DEPUTY PRESIDENT (3.47 pm)—I present the Senate Community Affairs Committee report into the provisions of the Aged Care Amendment (Residential Care) Bill 2007, together with the Hansard record of proceedings and submissions, received on 17 May 2007.

Ordered that the report be printed.

CLUSTER MUNITIONS (PROHIBITION) BILL 2006
Report of Foreign Affairs, Defence and Trade Committee

The DEPUTY PRESIDENT (3.48 pm)—I present the Senate Foreign Affairs, Defence and Trade Committee report into the Cluster Munitions (Prohibition) Bill 2006, together with additional information and submissions, received on 31 May 2007.

Ordered that the report be printed.

Senator BARTLETT (Queensland) (3.48 pm)—by leave—I move:

That the Senate take note of the report.

I will not speak to the report at length, beyond noting that it did receive a degree of publicity. Prohibiting cluster munitions is an important issue which does merit further debate. I think it is important to ensure that there is an opportunity to have that report further debated in the Senate and, I might say, in the wider community. I was disappointed with the approach that the majority of the committee took, but, rather than debate that further at the moment, I would simply reinforce the Democrats’ commitment to continue to work towards prohibiting cluster munitions—cluster bombs—not just in Australia but worldwide. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

TAX LAWS AMENDMENT (2007 MEASURES NO. 3) BILL 2007
Report of Economics Committee

The DEPUTY PRESIDENT (3.49 pm)—I present the Senate Economics Committee report into the provisions of the Tax Laws Amendment (2007 Measures No. 3) Bill 2007, together with the Hansard record of proceedings, additional information and submissions, received on 6 June 2007.

Ordered that the report be printed.

TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007
Report of Economics Committee

The DEPUTY PRESIDENT (3.49 pm)—I present the Senate Economics Committee report into the provisions of the Tax Laws Amendment (Small Business) Bill 2007, together with additional information and a submission, received on 6 June 2007.

Ordered that the report be printed.

BUDGET
Portfolio Budget Statements
Corrigendum

The DEPUTY PRESIDENT (3.50 pm)—I table a corrigendum to the portfolio budget statements 2007-08 for the Defence portfolio received on 18 May 2007.

AUDITOR-GENERAL’S REPORTS
Report Nos 36 and 37 of 2006-07

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following reports of the Auditor-General received on the dates listed:

Report No. 36 of 2006-07—Performance audit—Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1: Department of Communications, Information Technology and the Arts [Received 16 May 2007]

Report Nos 38 to 42 of 2006-07

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following reports of the Auditor-General:


Report No. 39 of 2006-07—Performance audit—Distribution of funding for Community Grant Programmes: Department of Families, Community Services and Indigenous Affairs

Report No. 40 of 2006-07—Performance audit—Centrelink’s review and appeals system follow-up audit: Centrelink


COMMITTEES

Legal and Constitutional Affairs Committee

Additional Information

Senator PARRY (Tasmania) (3.51 pm)—On behalf of the Chair of the Legal and Constitutional Affairs Committee, Senator Barnett, I present additional information received by the committee on its inquiry into Indigenous stolen wages.

Senator BARTLETT (Queensland) (3.51 pm)—by leave—I move:

That the Senate take note of the documents.

The committee’s report was tabled in December last year—from memory, it was in the final sitting week. That was six months ago. The first point that I want to make is that there has still been no response from the federal government to the recommendations contained in that report. There were only six recommendations, from memory, and they were unanimous, having the support of all the Liberal senators—the committee at that time was chaired by Senator Payne—and all of the Labor senators, as well as that of me—I having initiated that inquiry—and of Senator Siewert on behalf of the Australian Greens. They were pretty straightforward recommendations. Only a small number of them actually related to action by the federal government. I think it is unacceptable that there has not yet been a response after six months.

I want to emphasise that the recommendations also related to state governments. It is pleasing to see the information from the South Australian government that has been tabled today, which I am taking note of. It does indicate some effort being put into examining details of the state government’s records to ascertain whether or not there are similar examples of stolen wages amongst the Indigenous people of South Australian as has occurred—and this has been quite clearly verified and acknowledged—under the Queensland government and the New South Wales government. I also note and welcome the subsequent action that was taken recently in the Western Australian parliament when the relevant minister committed the government of Western Australia to examine this issue further and to act on it. I would like to see a little bit more urgency on this issue because it affects many people who are quite old and have been waiting a long time. But it is good to see some clear commitment to action by the Western Australian government as well, and I congratulate them for that.
I would like to take this opportunity not only to note the activity that is happening in South Australia, which I think is a start although more needs to be done—and the information that has been tabled indicates that work is being done but still more has to occur—but to reiterate my call for all of those state governments that have not acted and fully examined whether there is anything more that they should be doing to act as urgently as possible. I repeat my urging of the Queensland government to redouble its efforts to properly respond to this issue. There was an initial response from the Queensland government but, as this report makes clear, that response was completely inadequate.

I reaffirm for the benefit of the Senate and those who might not know about Indigenous stolen wages—and I recommend the report to them so they can find out more about this issue—that there is a clear-cut, undenied circumstance of Indigenous people, certainly throughout Queensland and parts of New South Wales and quite probably in other parts of the country, being systematically denied the wages and entitlements that were theirs. They did the work and they had a legal entitlement to the wage but it was diverted into state government coffers under the so-called ‘benevolent protection’ of state government departments and bureaucrats. It was meant to be held in trust but in many cases it was simply never paid.

Such practices stretched over decades. These included federal family support payments that were simply taken by state governments and used by them. In many cases they were used to replace revenue that they were spending at a state level on missions and Indigenous reserves. It was a massive misappropriation of money that was directly owned by and the entitlement of Indigenous people. The response from the Queensland government was to offer a maximum of $4,000. That was simply a joke. That contrasted with the recent announcement at state level in Queensland where the state government agreed on a welcome reparations package for people who were subjected to ill-treatment as children in government institutions. Those people were able to access payments of up to $40,000, as I understand it. I welcome that; I do not begrudge that. But I note that does not apply to the Aboriginal children who were in government institutions known as Aboriginal missions and reserves. They are excluded from that payment. I find that extraordinary. Contrast that $40,000 payment with the $4,000 that people were offered as recompense for decades, in some cases, of nonpayment or underpayment of wages that they were legally entitled to. It is simply scandalous. I urge the Queensland government to do more. I know they are having negotiations at the moment about what to do with unexpended moneys from that first offer. I hope those can progress quickly. But that is not all that needs to be done.

In conclusion, I repeat my urging for the federal government, particularly the Minister for Families, Community Services and Indigenous Affairs, Mr Brough, to respond to this inquiry. The federal government is not being asked to do a lot. It would be a simple thing to do. It would increase the pressure on those state governments which have not done the right thing so far to do more than they have. If the federal government cannot be bothered to respond to something that is so clear cut, is such a blatant injustice and actually requires so little from them after six months on an issue that we all acknowledged is urgent—everyone on the committee acknowledged this—then that really makes it much harder to put pressure on the state governments to do what they should be doing.

Senator SIEWERT (Western Australia) (3.58 pm)—I support the motion. We should take note of the further information that has been tabled as to the inquiry on Indigenous
stolen wages. I particularly record my pleasure at the announcement by the Western Australian government that they are going to establish a task force to look into the stolen wages. I note that they responded fairly quickly to the Senate committee report. When I say ‘fairly quickly’, I note the issue has been outstanding in Western Australia for a number of years. While the Western Australian government’s announcement followed relatively quickly the publication of the recommendations of the Senate committee, it has taken the Western Australian government quite a significant period of time to acknowledge that this was an issue. However, having said that, I am extremely pleased, and I hope that the task force will move very rapidly and that the state government will come up very quickly with a system of reparation, because the people affected by this stolen wages issue are starting to pass on. During the inquiry one person who had their wages stolen passed on. The many people affected who are now elderly deserve to see the fruits of their labour that were stolen from them.

The further information that is coming to light—and I suspect there is going to be much more—shows that not only was the government responsible for taking wages; some of the missions were, as were some of the pastoral stations. Some of the pastoral stations’ infrastructure was actually bought with Aboriginal wages. Aboriginal people did not own this infrastructure; those pastoral stations did. Instead of Aborigines being able to look after their welfare and their families’ welfare, they were in fact contributing to the development of the pastoral industry, from which they saw no gain.

Some of the other evidence coming to light goes to what the Commonwealth did and did not know. When it comes to pensions and child endowment, there is now clear evidence coming to light that the Commonwealth knew that the states and the pastoral properties were in fact keeping the bulk of these payments and giving ‘pocket money’ to Aboriginal people. Again, that is stolen money. That money belongs to those Aboriginal people. Not only do the Commonwealth have the responsibility to show some leadership in terms of encouraging those states that have not yet responded to take action, they have a responsibility to look into their own records to see how much they knew about child endowment and other pension payments and to see how much they need to encourage the states to provide as reparation to Aboriginal people whose entitlements were stolen. There is clear evidence that Commonwealth agencies knew at the time. They carried out audits of money being taken. They provided advice to state governments and to other employers about how much money to keep back. It is quite obvious that the Commonwealth knew, so they cannot wash their hands of this. They cannot pretend that it is purely a state issue. They need to show leadership. They need to go back to their files; to look at the evidence; to look at the evidence of the reports and the audits, which were carried out, as I understand it, on various occasions; and they need to provide that information to Aboriginal people. They also need to provide that information to the states. They need to look at the other recommendations that were made in that report that relate to them.

Once again, I am pleased that the Western Australian government has decided to establish this task force. I am concerned about the length of time that it will take. I think they need to be operating at the same time to ensure that they start thinking about what scheme is appropriate to provide reparation to those Aboriginal people, who are now getting quite elderly. They need to be looked after now and have reparation provided now rather than in some indeterminate period of time in the future. I urge the federal govern-
ment to look at the recommendations of this report as a matter of urgency and take action to implement the recommendations. This is another issue where they cannot afford to sit on their hands and hope that the people who are affected will go away. They will be derelict in their responsibilities and in their duty to the Aboriginal people of Australia if they do not show this leadership now. I seek leave to continue my remarks at a later stage.

Leave granted; debate adjourned.

Public Works Committee Reports

Senator PARRY (Tasmania) (4.02 pm)—On behalf of the Joint Standing Committee on Public Works, I present three reports of the committee as listed at item 15(c) on today’s Order of Business and seek leave to move a motion in relation to the reports.

Leave granted.

Senator PARRY—I move:

That the Senate take note of the reports.

I seek leave to incorporate a tabling statement in Hansard.

Leave granted.

The statement read as follows—

On behalf of the Parliamentary Standing Committee on Public Works I present the Committee’s second, third and fourth Reports of 2007.

Each of these works reflects the diversity of the Committee’s activities over the last six months of the current year.

Report number two of 2007 relates to the redevelopment of the Defence Force School of Signals at Simpson Barracks, Watsonia in Victoria, necessitated by a decision of the Government to collocate training campuses into one central campus. The estimated out-turn cost of these works is $101.3 million.

Simpson Barracks, Watsonia is the primary campus for the Defence Force School of Signals, with other smaller campuses located at HMAS CERBERUS, at Flinders, also in Victoria and at Borneo Barracks in Queensland.

The rationalisation for the collocation of these campuses is based on a number of advantages that will be delivered to the signals, electronic warfare and communications and information systems training provided to members of the Australian Defence Force as well as training provided to members of the armed services from countries for which Australia provides a level of training above that available to our regional allies.

In addition to these advantages, there will be an opportunity to consolidate the location of training staff, as well as freeing-up facilities for other purposes.

In scrutinising these works, the Committee had some concerns with the overlap between the provision of living-in accommodation that would deliver some 216 rooms, and a program of works associated with Project Single LEAP Phase 1 that has previously delivered 1,395 single living-in accommodation rooms.

Where there are value for money considerations, the Committee was of the view that accommodation projects should be contained within the Single LEAP project works. While Defence advised that the issue in the case of Watsonia was one of timing, the Committee believes that this issue could have been addressed by more comprehensive planning – especially since economies of scale may offer savings to the Commonwealth.

An appropriate recommendation has been made by the Committee in its Report to this effect.

There is also a question over the future intentions of Defence in the context of the relocation of the training wing at Borneo Barracks in Queensland. If this were not to proceed, there may be savings to be gained, and the Committee has made an appropriate recommendation in its Report seeking advice from Defence on the future of this campus.

Mr President, I turn now to the third Report relating to the National Towers Program Stage 1 that will apply to airports located at Adelaide, Canberra, Melbourne and Rockhampton, and will involve the rebuilding or refurbishment of control towers at an estimated out-turn cost of $94.5 million.

The Committee appreciates these works being referred, since the costs associated with the project are not provided by the Commonwealth.
Rather, the funds are commercially derived from levies paid by airlines and aircraft operators to Airservices Australia as a ‘fee for service’.

Nevertheless Airservices Australia provides a valuable service to Australia’s travelling public, and as the Committee noted it would seem fitting that there be some level of scrutiny associated with the proposed works.

Mr President, moving now to the fourth Report that relates to Lavarack Redevelopment Stage 4. This proposal also originates with the Department of Defence, and builds on previous works considered by the Committee as Stage 3 in 2001.

It is from Lavarack Barracks that members of the Australian Defence Force are deployed to Afghanistan and Iraq, as well as being the home to a number of other Army units.

The proposed works envisage an ongoing program of building remediation, new office accommodation, and facilities to maintain and service newly acquired vehicles and field guns, and to keep abreast of other technologies now available to the Army. These works will be provided at an estimated out-turn cost of $207.2 million.

The Committee was pleased to note that the proposed works will be spread across a mix of new and refurbished buildings, and that this methodology has delivered savings compared to an overall rebuild proposal.

However it was apparent from the Committee’s inspection of the proposed sites for these works, and from comments made by the department during the course of the Committee’s Inquiry that maintenance works had been neglected, with consequences for the expenditure of a significant sum of Commonwealth money to redress the status of the Lavarack estate.

In evidence Defence acknowledged that the lack of maintenance due to changing priorities in funding was a problem, prompting the Committee to recommend in the Report that consideration be given to the development of an ongoing maintenance program, together with appropriate and dedicated funds for this purpose.

Australia’s military history is also bound up with the Lavarack Barracks. During the Vietnam conflict Lavarack provided training to Australian troops being sent to the Vietnam theatre of operations and there are a number of remaining buildings on base that are representative of that era.

The Committee has recommended in its Report that Defence consult with the relevant government department with a view to obtaining an assessment as to the heritage value of these buildings.

The Committee was disappointed with the quality of consultation between Defence and stakeholders. Of particular concern were the comments made by the regional commander of the Queensland Fire and Rescue Services regarding fire alarms and the possibility of false alarms to which his members needed to respond, and the lack of consultation between his agency and Defence at the early stages design phase of the project. Similarly there appeared to be an issue with the Queensland Road Traffic Authority regarding upgrades to the roads in proximity to the base.

The Committee has recommended that Defence accept the concerns raised by both agencies, and consider the comments of the Queensland Fire and Rescue Services early in the design phase, and in the case of the Queensland Road Traffic Authority as soon as practicable.

Finally Mr President, I would like to thank all those who contributed to these inquiries, including my fellow Committee members, officials of the Department of Defence, and those of Airservices Australia, and for the assistance of the Committee Secretariat.

Mr President, I commend the Reports to the Senate.

Question agreed to.

Intelligence and Security Committee Report

Senator PARRY (Tasmania) (4.03 pm)—On behalf of the Parliamentary Joint Committee on Intelligence and Security, I present the report of the committee concerning the re-listing of terrorist organisations and I seek leave to move a motion in relation to the report.

Leave granted.

Senator PARRY—I move:
That the Senate take note of the report.

I seek leave to incorporate a tabling statement in Hansard.

Leave granted.

The statement read as follows—

I present the report of the Intelligence and Security Committee on a review of the re-listing of seven terrorist organisations.

The Committee first considered the listing of these organisations in 2005.

The inquiry was advertised in the Australian newspaper on 18 April 2007 and information regarding the inquiry was then placed on the Committee’s website. No submissions were received from the public. In the absence of submissions and, given that these are second re-listings of organisations, which did not raise controversial issues, the Committee resolved to assess the merits of the re-listings on the papers without holding a hearing.

The seven organisations covered by this review are diverse in their geographical location ranging from the EIJ which began in Egypt to organisations that began in Yemen, in Lebanon, in Pakistan, in Iraq and in Uzbekistan.

The EIJ, members of which have been dispersed from Egypt, became central to the development of Al-Qaida through the role of Ayman Al-Zawahiri. To some extent its existence is not easily separable from that of Al-Qa’ida. As the report notes, quoting the US State Department:

[There have been] no activities in Egypt after 1993 and no international acts after the disrupted attack in 1998.

However, Janes’ believes that EIJ leader (Al Zawahiri) ‘remains a potent symbol of resistance for thousands of sympathisers across the world’ and that ‘numerous cells remain at large.’

Ansar al Sunna is active in Iraq as part of the insurgency there. Lashkar-e-Jhangvi and Jaish-e-Mohammad are both part of the dispute over the IAK or Indian Administered Kashmir. Jaish-e-Mohammad is described as ‘active, well resourced, well trained and motivated’. Many of the regional organisations are, despite splintering and disagreements, connected. Asbat al Ansar operates in Southern Lebanon, but has begun to support the insurgency in Iraq. The Islamic Army of Aden seeks the overthrow of the local government and the establishment of an Islamic state and the release of prisoners from Yemeni gaols; however, the statement of reasons attributes little activity to it in recent times and its leader, in 2003, cooperated with authorities and received a presidential pardon.

Many of these organisations with their separate objectives, nevertheless, appear to have developed links. The Committee concluded that:

All of these organisations have been localised groups growing out of specific grievances or particular conflicts. For most, it has been the advent of the war on terrorism that has extended their reach and their objectives – to the establishment of a regional caliphate, to providing fighters into other fields of battle, to cross funding through the al-Qa’ida network. Individual conflicts are now seen as part of a larger conflict and they appear to feed on and re-enforce each other, bringing experience and skill learned in one place to other disputes. And, with wars in Iraq and Afghanistan, the focus has broadened from opposition to local ‘apostate’ governments to a larger enemy in the West.

The Committee concluded that, if this is the case, proscription could play only a limited role and that other approaches such as the settlement of longstanding disputes might more effectively undermine support for the violence that has become part of these disputes.

Nevertheless, each organisation met the definition of a terrorist organisation in the Criminal Code. Therefore the Committee concluded, on the basis of the Statement of Reasons and other open source information, that it would not recommend disallowance of any of the organisations.

In conclusion, I would like to thank the members of the Committee who continue to undertake their duties in a bipartisan fashion and who recognise the need to put the national interest and effective Parliamentary scrutiny of highly sensitive matters before any partisan political interests. The work of the Committee continually presents the members with the challenge of reconciling the de-
mands of national security with Parliamentary and public scrutiny.

I recommend the report to the Senate.

Question agreed to.

TAX LAWS AMENDMENT (2007 MEASURES NO. 3) BILL 2007
TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007
INDIGENOUS EDUCATION (TARGETED ASSISTANCE) AMENDMENT (2007 BUDGET MEASURES) BILL 2007
HEALTH INSURANCE AMENDMENT (DIAGNOSTIC IMAGING ACCREDITATION) BILL 2007
NATIVE TITLE AMENDMENT (TECHNICAL AMENDMENTS) BILL 2007

First Reading

Bills received from the House of Representatives.

Senator SCULLION (Northern Territory—Minister for Community Services) (4.05 pm)—I table a correction to the explanatory memorandum relating to the Health Insurance Amendment (Diagnostic Imaging Accreditation) Bill 2007 and move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator SCULLION (Northern Territory—Minister for Community Services) (4.05 pm)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

TAX LAWS AMENDMENT (2007 MEASURES No. 3) BILL 2007

This Bill makes numerous improvements to Australia’s tax laws.

Schedule 1 to this Bill makes amendments to the tax integrity rules concerning private company distributions to shareholders and their associates. The amendments in this schedule reduce both the extent to which taxpayers can inadvertently trigger a deemed dividend under Division 7A of the Income Tax Assessment Act 1936, and the punitive nature of the provisions. The amendments remove the automatic debiting of the company’s franking account when a deemed dividend arises under Division 7A.

The amendments give the Commissioner of Taxation a discretion to disregard a deemed dividend that has arisen because of an honest mistake or omission by a taxpayer, providing greater flexibility to administration of the provisions. Further, certain shareholder loans will be able to be refinanced without triggering a deemed dividend, and Division 7A compliant loans will be exempted from fringe benefits tax.

These measures will reduce ongoing compliance costs for private companies and reduce tax penalties, especially for the many small businesses that use a company structure.

Schedule 2 makes amendments to ensure that certain superannuation contributions made prior to 1 July 2007 are subject to the contributions cap in the Simplified Superannuation system.

This measure ensures that contributions, such as those made by a friend during the Simplified Superannuation transitional period, are included in the non-concessional contributions cap calculation for that period.

Schedule 3 makes amendments to allow a trustee of a resident testamentary trust to choose to be assessed on capital gains of the trust. The changes will ensure that an income beneficiary of a resident testamentary trust need not be assessed on capital gains of the trust from which they will not benefit.

Schedule 4 to this Bill makes amendments to allow non-dependants of a member of the Australian Defence Force or any Australian police force, or an Australian Protective Service Officer, killed
in the line of duty, to access the same concessional tax treatment for lump sum superannuation death benefits as dependants. This means that from 1 July 2007, eligible non-dependants will pay no tax on the lump sum superannuation benefit left to them by someone who has died in the line of duty.

The Government will also be making ex gratia payments to eligible non-dependants who received a lump sum superannuation death benefit payment over the period from 1 January 1999 to 30 June 2007. These payments will be equivalent to the additional tax paid on the superannuation death benefit and will be administered by the Australian Taxation Office.

Schedule 5 will extend by one year, an existing transitional period under the thin capitalisation rules. The transitional period allows taxpayers to elect to use current or former accounting standards to make certain calculations. The extension will enable a thorough assessment of the impact on the thin capitalisation rules of adopting Australian equivalents to International Financial Reporting Standards. It will also provide time to develop and consult on any changes to the rules that may be considered appropriate.

Schedule 6 to this Bill repeals the dividend tainting rules and makes two consequential amendments. The first consequential amendment ensures that distributions from a share capital account continue to be unfrankable. The second modifies the general anti-avoidance rule that applies in relation to the imputation system. When considering whether to apply the rule, the Commissioner of Taxation will be able to take into account whether a distribution is sourced from unrealised or untaxed profits.

The changes will apply in relation to distributions made on or after 1 July 2004. This will ensure that taxpayers do not inadvertently trigger the dividend tainting rules by accounting entries required under the Australian Equivalent of the International Financial Reporting Standards.

Schedule 7 clarifies the types of financial instruments that are eligible for the exemption from interest withholding tax (IWT) to correct an unintended broadening of the exemption. In addition to debentures, only non-debenture debt interests that are non-equity shares, syndicated loans, and instruments prescribed by regulation will be eligible for the IWT exemption. This realigns the exemption with the Government’s policy intent and enhances the integrity of the tax base.

It will still be necessary for these debt interests to satisfy the public offer test. In the case of syndicated loans, modifications have been made to the public offer test so that it operates appropriately and accommodates market practices.

Schedule 8 to this Bill inserts new rules to ensure that investment in forestry managed investment schemes is encouraged to facilitate the continued expansion of our plantation forestry estate and to reduce our reliance on both native forests and overseas imports.

Investors will be eligible for income tax deductions for any contributions they make to new schemes for developing plantation forests in Australia, provided a 70 per cent direct forestry expenditure rule and some other requirements are met.

To address the Government’s concerns about the level of commissions charged, this measure incorporates an arm’s length pricing rule and a requirement that all of the trees are established within 18 months.

Consistent with the rules for existing schemes, the schedule includes a rule for a manager of a new scheme to include investors’ contributions received in its assessable income in the income year the contributions are first deductible to the investors.

The Government expects that secondary market trading of interests in forestry schemes will introduce pricing information and increase the liquidity of forestry scheme investments. To facilitate a deeper secondary market for forestry scheme investments, the schedule inserts new rules to allow trading of interests in existing schemes. Initial investors who hold existing or future interests will be subject to a four year holding period, market value pricing rules, and are required to return sale or harvest proceeds on revenue account.

The schedule also clarifies the income tax treatment of sale or harvest proceeds received by secondary investors and the deductibility of payments by secondary investors to the schemes.
Schedule 9 makes amendments to require Australian trustees to collect tax from trust taxable income that is payable to the trustee of a foreign trust.

Therefore, after these changes, Australian trustees will be required to pay tax on the taxable income of the trust attributable to any foreign resident entity, whether an individual, company or trust.

Schedule 10 to this Bill enables Australian managed funds to collect a non-final withholding at a single rate—the company tax rate—on distributions of Australian source income that is not a dividend, interest or royalty. Investors will then be able to claim a credit for the amount withheld when they lodge an Australian income tax return to determine their final tax liability.

Currently Australian trusts and Australian custodians face different withholding obligations depending upon whether the foreign resident is an individual, company, trust or foreign superannuation fund.

This schedule will improve the efficiency of Australia’s managed funds industry and provide greater certainty to the industry.

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

TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007

This Bill implements changes to various tax Acts to standardise the primary eligibility criterion for the small business tax concessions. These changes will reduce the compliance costs for many Australian small businesses. They substantially simplify the tax law to make it easier for small business to determine eligibility for a number of concessions.

This Bill also implements several related 2006-07 Budget announcements:

- first, increasing the capital gains tax maximum net asset threshold from $5 million to $6 million;
- second, increasing the goods and services tax cash accounting threshold from $1 million to $2 million;
- third, extending the roll-over relief available under the uniform capital allowance system to small business entities that have adopted the simplified depreciation rules.

The current tax laws contain a number of special arrangements for smaller businesses, variously defined. In the past, there have been different threshold criteria for determining who is a small business for particular concessions. The differences, however sensible when considered individually, have been a source of complexity and unnecessary compliance costs for small businesses.

This Bill amends the income tax law to create a single definition of small business, based on aggregated annual turnover of less than $2 million. Entities that do not meet the small business entity definition can still test their eligibility for small business concessions according to existing methods for capital gains tax, fringe benefits tax and pay as you go instalments.

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

INDIGENOUS EDUCATION (TARGETED ASSISTANCE) AMENDMENT (2007 BUDGET MEASURES) BILL 2007

The primary purpose of this Bill is to amend the Indigenous Education (Targeted Assistance) Act 2000 by appropriating additional funding of $26.1 million over the 2007 and 2008 calendar years to improve opportunities for Indigenous students in the school, vocational education and training and higher education sectors.

This funding will be used for the expansion of the Indigenous Youth Mobility Programme, the expansion of the Indigenous Youth Leadership Programme, the provision of infrastructure funding for boarding school facilities and, where government and non-government education providers agree, the conversion of Community Development Employment Projects (CDEP) programme places into ongoing jobs in the education sector.

The Australian Government places great importance on achieving better educational outcomes for Indigenous students. To achieve this, new investment is necessary in the areas of school, vocational and technical education and higher education sectors. The Australian Government is
committed to developing the capacities and talents of Indigenous people so they have the necessary knowledge, understanding, skills and values for a productive and rewarding life.

The proportion of young Indigenous people living in remote areas who reach Year 12 is approximately half that of their metropolitan peers, and only one in ten actually completes Year 12. Approximately one in four 15-19 year old Indigenous people lives in a remote area.

Up to 1610 students will benefit from the expansion of two successful programmes, the Indigenous Youth Mobility Programme and the Indigenous Youth Leadership Programme. The increase in the number of Scholarships offered under the Indigenous Youth Leadership Programme and the places available under the Indigenous Youth Mobility Programme will allow more young Indigenous people to access high quality education and training to make informed life choices.

The Indigenous Youth Mobility Programme will be expanded by around 860 places over the next four years (2007/08 to 2010/11). In the 2008 calendar year, $2.6 million will be used to increase the number of places available in that year.

The number of scholarships available through the Indigenous Youth Leadership Programme will increase by 750 over four years (2007/08 to 2010/11). Over the 2007 and 2008 calendar years, $4.0 million will be used to increase the number of scholarships available in these two years.

The increased funding for these two programmes will provide support for Indigenous young people to relocate from remote and regional areas to access high standards of education, training and employment opportunities not otherwise available to them.

Indigenous students will benefit from funding of $14.1 million over two years to provide infrastructure funding to existing boarding schools catering for significant cohorts of Indigenous students. This will facilitate the urgent upgrade of accommodation facilities to prevent a loss of existing boarding places.

Approximately 200 Indigenous people will benefit from the provision of funding of $5.3 million to convert, where government and non-government education providers agree, Community Development Employment Projects (CDEP) programme places into ongoing jobs in the education sector.

In the 30 years since CDEP began, Indigenous people have been delivering services for all levels of government. Through this initiative, CDEP participants will gain the full benefits of employment including wages, leave, superannuation, training and professional development.

The initiative will be available to both government and non-government schools and systems.

I commend the Bill to the Senate.

HEALTH INSURANCE AMENDMENT (DIAGNOSTIC IMAGING ACCREDITATION) BILL 2007

This bill will make a number of amendments to the *Health Insurance Act 1973* to establish a framework for the introduction of an accreditation scheme for practices providing diagnostic imaging services covered by the Radiology Quality and Outlays Memorandum of Understanding. The Radiology MoU is one of four collaborative agreements the Government has with the diagnostic imaging industry and profession to manage Medicare funded imaging services. The Radiology MoU covers the majority of diagnostic imaging services with the exception of cardiac imaging, nuclear medicine imaging and obstetric and gynaecological ultrasound. It accounts for around 80 percent of the diagnostic services covered by Medicare.

In 2005-06 approximately 12.6 million services were claimed under the Radiology MoU, attracting in the order of $1.2 billion in Medicare benefits. These services were rendered from around 3,100 practice sites. The Radiology MoU represents 12% of total Medicare expenditure.

The introduction of an accreditation scheme is one of the key initiatives of the Radiology MoU to support the high quality delivery of services under Medicare.

Accreditation is a process of externally reviewing an organisation’s performance against a defined set of standards. Accreditation is generally recognised as a means of assisting the health care in-
industry to review and improve systems that support the delivery of safe and high quality health care. The accreditation process provides:
• a means of ensuring that minimum standards of practice operation are met;
• a benchmark for maintaining that competence; and
• feedback to enhance overall quality in a professional discipline over time.

Accreditation is based on standards and processes devised and developed by, or in association with, health care professionals themselves.

Under the new accreditation scheme, all practices providing services covered by the Radiology MoU will need to be accredited in order for Medicare benefits to be payable for those services.

Accreditation will ensure that all sites conform to a set of uniform standards when rendering these services.

For patients, accreditation will provide:
• assurance that radiology services meet or exceed minimum industry standards;
• assurance that the same level of service quality is provided irrespective of where or by whom the radiology service is rendered; and
• confidence in the health care system because appropriate processes are in place to protect their privacy, the handling of complaints and physical safety.

For practices, accreditation will provide:
• confidence that their practice has systems to support the delivery of high quality radiology services;
• assurance that legislative and technical requirements are met or exceeded;
• assurance that staff are technically competent and confident to provide quality radiology services;
• economic benefits through the implementation of robust, streamlined and efficient administrative processes;
• savings from reduced outlays for less than optimal services redistributed to the providers of high quality services; and
• potential savings in medical indemnity insurance.

Accreditation will also provide a mechanism by which the Government can be assured that services supported by Medicare are being provided only by organisations that are performing against an endorsed set of standards.

The Radiology accreditation scheme will complement a number of health care accreditation schemes already operating in Australia, many of which are also linked to financial incentives or Government funding.

The bill will create a framework for the introduction of the Radiology accreditation scheme. However, it has been designed to allow for the introduction of accreditation schemes for other diagnostic imaging services without further amendments to the Act should Parliament support extending accreditation to those services in the future.

NATIVE TITLE AMENDMENT (TECHNICAL AMENDMENTS) BILL 2007
The Native Title Amendment (Technical Amendments) Bill 2007 will make a large number of technical and minor amendments to the Native Title Act 1993. These amendments are one of the six components of the package of native title system reforms which have been underway since 2005. Together with the Native Title Amendment Bill 2006, this bill will implement the bulk of legislative change stemming from the native title system reforms.

The Bill is the result of significant consultation with people involved in all parts of the native title system, and the amendments in it reflect issues raised for consideration by those stakeholders.

The Bill contains around 40 different measures which, when taken together, will increase the effectiveness of the processes in the Native Title Act.

While many of the amendments will clarify ambiguities in the Native Title Act, some will have a more substantive effect.

The Bill will amend provisions relating to future act and Indigenous Land Use Agreement processes, processes for making and resolving native
title claims, and the obligations of the Registrar in relation to the registration of claims. Provisions in the Bill will also clarify the scope of alternative state regimes under section 43 and establish a more flexible scheme for payments held under right to negotiate processes.

The technical amendments part of the Bill will commence by Proclamation, a measure designed to give adequate time to all parties to understand and prepare for the changes.

As well as making a number of technical amendments to the Native Title Act, the Bill will also partially implement two recommendations of the Report on Prescribed Bodies Corporate which was released in October last year, and will amend provisions relating to representative bodies to complement the reforms made by the 2006 Bill.

While these amendments are minor and technical in nature, they will substantially improve the workability of the Native Title Act. These changes, together with the amendments made by the Native Title Amendment Bill 2006, will result in system-wide improvement to processes for future acts and for the resolution of native title claims, without undermining the existing balance of rights and interests under the Native Title Act.

I commend the Bill.

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

Ordered that the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 and the Tax Laws Amendment (Small Business) Bill 2007 be listed on the Notice Paper as one order of the day, and the remaining bills be listed as separate orders of the day.

AGRICULTURAL AND VETERINARY CHEMICALS (ADMINISTRATION) AMENDMENT BILL 2007

AGRICULTURE, FISHERIES AND FORESTRY LEGISLATION AMENDMENT (2007 MEASURES No. 1) BILL 2007

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH AMENDMENT BILL 2007

AUSTRALIAN WINE AND BRANDY CORPORATION AMENDMENT BILL (No. 1) 2007

COMMUNICATIONS LEGISLATION AMENDMENT (CONTENT SERVICES) BILL 2007

CORPORATIONS (NZ CLOSER ECONOMIC RELATIONS) AND OTHER LEGISLATION AMENDMENT BILL 2007

DEFENCE FORCE (HOME LOANS ASSISTANCE) AMENDMENT BILL 2007

FORESTRY MARKETING AND RESEARCH AND DEVELOPMENT SERVICES BILL 2007

FORESTRY MARKETING AND RESEARCH AND DEVELOPMENT SERVICES (TRANSITIONAL AND CONSEQUENTIAL PROVISIONS) BILL 2007

GOVERNANCE REVIEW IMPLEMENTATION (SCIENCE RESEARCH AGENCIES) BILL 2007

GREAT BARRIER REEF MARINE PARK AMENDMENT BILL 2007

LIQUID FUEL EMERGENCY AMENDMENT BILL 2007


VETERANS’ AFFAIRS LEGISLATION AMENDMENT (2007 MEASURES No. 1) BILL 2007

First Reading

Bills received from the House of Representatives.

Senator SCULLION (Northern Territory—Minister for Community Services) (4.10 pm)—I indicate to the Senate that these
bills are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator SCULLION (Northern Territory—Minister for Community Services) (4.10 pm)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

AGRICULTURAL AND VETERINARY CHEMICALS (ADMINISTRATION) AMENDMENT BILL 2007

The Agricultural And Veterinary Chemicals (Administration) Amendment Bill 2007 amends the Agricultural and Veterinary Chemicals (Administration) Act 1992 (the Administration Act) to implement the outcome of the assessment of the Australian Pesticides and Veterinary Medicines Authority (APVMA) against the Uhrig review templates.

The APVMA is an Australian Government statutory authority established to administer a joint Commonwealth and state/territory regulatory scheme, assuring the safety and effectiveness of agricultural and veterinary chemical products throughout Australia. The APVMA is an independent body corporate. It implements the legislative powers and functions provided to it under the legislation on behalf of all jurisdictions, including powers and functions conferred on it by state and territory legislation.

The amendments will provide for the authority to come into line with the best practice identified in the Australian Government response to the Uhrig review recommendations. The objective of the Uhrig review was to consider existing governance arrangements for statutory authorities and office holders and to develop a best practice template of governance principles that could be applied to all statutory authorities and office holders.

My department carried out an assessment of the APVMA against the Uhrig review templates and concluded that the executive management corporate governance structure is most appropriate for the APVMA. The assessment concluded that the APVMA should retain its independence, but be reconstituted, with the current board of directors being replaced by an executive manager (Chief Executive Officer) supported by an Advisory Board, with a similar range of skills and experiences to those currently specified for the APVMA Board of Directors. The bill before parliament implements these recommendations, which flow from the Uhrig report.

These reforms relate only to changing governance structures. As a result, there would be no significant changes to the day-to-day functions or independence of the APVMA. The APVMA would:

• remain an independent body corporate called the APVMA,
• retain its current functions and powers,
• continue to be funded by cost-recovery from industry,
• retain the provision for the conferral of powers by a state government law,
• continue current stakeholder consultative arrangements, and
• continue to receive policy direction from the Primary Industries Ministerial Council.

Consistent with the executive management governance structure, the APVMA will become subject to the provisions of the Financial Management and Accountability Act 1997, rather than the Commonwealth Authorities and Companies Act 1997. Staff of the APVMA will be persons engaged under the provisions of the Public Service Act 1999 rather than persons employed under the ‘Administration Act’. The bill includes provision for these matters and the transitional issues associated with these reforms.

The amendments only affect the governance arrangements for the APVMA and do not impact on
the authority’s functions or the administration of
the national registration scheme for agricultural
and veterinary chemicals.

AGRICULTURE, FISHERIES AND FORESTRY
AMENDMENT (2007 MEASURES No 1) BILL
2007

The red meat processor industry has a value of
about $15 billion a year and earns nearly $7 bil-
lion in export revenue.

Collectively-funded marketing and research and
development (R&D) have underpinned this indus-
try’s value to Australia’s economy and enabled it
to meet its whole-of-industry commitments as
envisaged under the red meat industry’s Memo-
randum of Understanding (MOU).

Since the 1998 red meat industry restructure a
voluntary contributions system has funded the
meat processors’ marketing and research and de-
velopment programmes.

These programmes have been managed by the
industry’s service company, Australian Meat
Processor Corporation Ltd (AMPC).

For the past three years the industry has been
engaged in discussions on the future of this fund-
ing arrangement.

As a result, in December 2006 a clear majority
ballot conducted by the Australian Electoral
Commission voted in favour of replacing the vol-
untary contributions system with a statutory levy
on the slaughter of cattle, sheep and goats.

The processing sector also made it clear that its
preference is to continue using the existing ser-
vice company, AMPC, to administer the levy
funds and not Meat and Livestock Australia Ltd
(MLA) as provided for in current legislation and
the industry MOU.

The other sectors of the red meat industry also
support the preference for AMPC.

The Government believes collectively-funded
marketing and R&D programmes is key to con-
tinued industry growth and productivity. Conse-
quently, the Government supports the move to a
statutory levy and has no objection to AMPC
receiving and administering the funds.

A funding agreement will be drawn up between
AMPC and the Commonwealth to ensure the
funds are managed in accordance with the Gov-
ernment’s accountability requirements.

The Australian Meat and Livestock Industry Act
1997 makes no provision for a meat processor
services body to receive levy funds.

It limits the disbursement of levies and charges to
an industry body and a livestock export body,
namely MLA and the Australian Livestock Export
Corporation.

Without amendment to the Act, the funds would
automatically flow to, and be administered by,
MLA; contrary to the meat processor preference.

The bill amends the Australian Meat and Liv-
estock Industry Act 1997 to allow the Minister to
determine a meat processor marketing body and a
meat processor research body and for these bod-
ies to receive revenue derived from statutory lev-
ies.

The intention of the Act, whereby MLA is the
predominant red meat industry research body and
marketing body, remains.

This means the Government will continue its
dollar for dollar matching of payments to the indus-
try research body, that is, to MLA, in respect
of industry research expenditure.

As was envisaged by the Government under the
1998 restructure, this will preserve the incentive
for research services to be provided by the indus-
try research body, while allowing for the meat
processor sector to have ownership and control
over its own R&D funds.

Under the statutory levy system certain disaggre-
gated levy payer information would not be avail-
able to industry as it has been under the voluntary
contributions system.

As a separate process, amendments are being
proposed to other legislation to allow the infor-
mation to be disseminated to the red meat indus-
try.

However, those separate amendments will not
make provision for the Commonwealth to control
who in the industry can receive statutorily col-
lected levy-payer information or to specify how
that information can be used.

Accordingly, this bill makes provision for such a
control. The intention is for the dissemination to
be limited only to the red meat industry services
companies. The proposed level of control is similar to that already in place for the dairy industry.

The bill does not change the Act’s broader intentions of viewing the red meat industry as one industry and at the same time providing for autonomy and self-determination for the sectors within.

Rather, the bill responds to specific industry needs. It gives effect to changes in the face of clear indications from the meat processor sector that existing arrangements are no longer supported and that the new arrangements will enable the sector to continue to meet its own and whole-of-industry commitments.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH AMENDMENT BILL 2007

This Bill amends the Australian Centre for International Agricultural Research Act 1982 by making changes to the governance arrangements of the Australian Centre for International Agricultural Research (ACIAR).

ACIAR is a statutory authority within the Foreign Affairs and Trade Portfolio, and its activities are part of Australia’s Aid Program. ACIAR was established in 1982 to assist and encourage agricultural researchers in Australia to use their skills for the benefit of developing countries, while at the same time working to solve Australia’s own agricultural problems.

The intention of the Bill is to implement the Government’s response to the Review of Corporate Governance of Statutory Authorities and Office Holders conducted by Mr John Uhrig. The Government has been reviewing all statutory agencies in the context of Mr Uhrig’s recommendations to achieve the most effective accountability and governance structures across the whole of government.

The Government has assessed ACIAR’s existing governance arrangements against the principles and recommendations of the Uhrig Review. It considers that the current Board of Management structure is inconsistent with the executive management template recommended by Mr Uhrig for agencies covered by the Finance Management and Accountability Act 1997 (FMA Act).

The Bill creates the position of Chief Executive Officer (CEO), in place of the current Director. The CEO will be directly accountable to the Minister for administrative and financial purposes under the FMA Act. In addition, the Bill abolishes the Board of Management of the Centre and establishes a seven member expert Commission. The Commission, which will include the CEO, will provide expert policy and research advice in place of the current Board. The current Policy Advisory Council (PAC), which includes key overseas stakeholders, will be retained. However, this Bill will introduce amendments to ensure there will be no duplication of membership between the Commission and the PAC.

The establishment of a Commission and the position of CEO will not alter the functions of ACIAR. ACIAR will retain its capacity for collective decision making (through the new Commission) while bringing its management under the CEO. These changes are consistent with the executive management template recommended by the Uhrig review.

On behalf of the Government, I would like to thank the current and previous ACIAR Boards. I am grateful for their commitment and expertise which have contributed enormously to enabling ACIAR to develop effective and practical research programs to assist developing country partners solve their agricultural problems and build research capacity. I look forward to working with the new Commission when it is appointed under the provisions of this Bill.

AUSTRALIAN WINE AND BRANDY CORPORATION AMENDMENT BILL (No.1) 2007

The Australian Wine and Brandy Corporation Amendment Bill (No.1) 2007 (the Bill) amends the Australian Wine and Brandy Corporation Act 1980 (the Act) to implement the outcome of the assessment of the Australian Wine and Brandy Corporation against the Uhrig Review templates.

The Australian Wine and Brandy Corporation (AWBC) is an Australian Government statutory authority established to provide strategic support to the Australian wine industry with its core func-
tions being export regulation and promotion of Australian wine.

The amendments will provide for the AWBC to come into line with the Uhrig Review recommendations. The objective of the Uhrig Review was to identify issues surrounding existing governance arrangements and to provide options for government to improve the performance of statutory authorities and office holders, and improve their accountability frameworks.

My Department carried out an assessment of the AWBC against the Uhrig Review findings and concluded that a Board is the appropriate management structure for the AWBC. The assessment recommended a small number of changes to bring the AWBC into line with the Uhrig Review recommendations.

The assessment concluded that the current practice of appointing a Government member, typically a public servant, on the AWBC Board should be discontinued. Given the abolition of the specific Government member position the assessment found that the skills set for Board member selection should be expanded to include expertise in public administration. The Bill before the Parliament implements these recommendations which flow from the Uhrig report.

This decision will also address the potential for a conflict of interest for serving public servants. There will no longer be a potential conflict between their responsibilities to the Government and Parliament and as a Board member to the Board.

The Bill also includes a provision for the AWBC Selection Committee to provide me with an annual report on its operations. It is proposed that the Committee commence reporting for the 2007-08 financial year and continue in subsequent years. This provision strengthens the governance arrangements and transparency of AWBC operations.

COMMUNICATIONS LEGISLATION AMENDMENT (CONTENT SERVICES) BILL 2007

More Australians than ever are using mobile phones and today’s users expect their mobiles to deliver ever increasing types of entertainment and information. Mobile phones and other hand-held devices now offer access to a range of media-rich services including broadcasting, Internet and telephone content. New content services such as live streamed services are also being delivered through subscription Internet portals.

Such services can be expected to bring substantial benefits for Australian consumers and new business opportunities for carriage service providers (CSPs) and content service providers, however, they may also carry potentially offensive or harmful content. The Australian Government takes very seriously its responsibility to protect Australian citizens, particularly children, from exposure to illegal and highly offensive content delivered over convergent devices such as mobile handsets, and also over the Internet more generally.

The Review of the Regulation of Content Delivered Over Convergent Devices (‘the Review’) was conducted by the Department of Communications, Information Technology and the Arts and released in April 2006. It found that there may be a lack of appropriate protections for users, particularly children, from inappropriate audio-visual content on mobile devices and existing regulatory frameworks may not provide an effective response.

The Communications Legislation Amendment (Content Services) Bill 2007 (the Bill) gives effect to the Government’s commitment to extend the current safeguards to put in place new measures to protect consumers from inappropriate or harmful material on convergent devices such as 3G mobile phones and through subscription Internet portals.

The Bill establishes a framework which aims to regulate emerging content services in a platform and technology neutral manner – it strengthens the regulation of ‘stored’ content where this is delivered on a commercial basis and establishes new rules to address ‘live’ and interactive content services such as chat rooms. The immediate effect of this will be that service providers supplying content services including live, streamed services over a carriage service such as a mobile phone will be subject to these new obligations.

The main focus of the Bill is to extend the general approach adopted by the Government in relation to content regulation to those services where it
considers adequate safeguards are not currently in place.

Much of the content for these new services is likely to be based on content created for supply in relation to a range of other existing media services. The new regulations will be aligned, as far as possible, with the regulation of traditional media content. At the same time, the framework takes account of the technical and other differences applying to the delivery of content on these new platforms including their impact on the ability of service providers to practically manage the wide range of content being delivered to users.

Under the proposed new framework content that is, or potentially would be, rated X 18+ and above must not be delivered or made available to the public, and access to material that is likely to be rated R18+ must be subject to appropriate age verification mechanisms.

As a general rule, where content is provided by means of a content service that is operated on a commercial basis, and is likely to be classified MA 15+ or above, access must only be made available subject to appropriate age verification mechanisms. This requirement will include content provided to premium mobile services but not to a news or current affairs service, or to electronic books or magazines.

Similar limitations relating to prohibited content and age verification mechanisms will also apply in relation to live streamed services.

In the case of electronic editions of print publications such as books and magazines, where these have been classified ‘Restricted–Category 1’, ‘Restricted – Category 2’ or ‘Refused Classification’ they will be prohibited. Electronic editions of publications which are unrestricted in print form will be excluded from the new regulatory framework and will be able to be made freely available online.

Similarly, certain types of content services, including those which provide content regulated under existing broadcasting regulatory frameworks, and the content of private users’ personal communications will be excluded from the scope of the new regulatory framework.

Carriage service providers who do no more than provide a carriage service that enables content to be delivered or accessed will not be considered to be providing a content service under the new scheme.

The new regime will be based on a take-down model as used under the existing Online Content Scheme. Under the new scheme, a content service provider will need to remove access to prohibited content or potential prohibited content if ACMA issues them with a ‘take-down’ notice for stored or static content, or a ‘service-cessation’ notice for live content, or a ‘link deletion’ notice for links to content.

Where a content service provider fails to comply with a notice from ACMA, civil or criminal penalties may be pursued.

To strengthen the ability of the scheme to respond to repeated and deliberate offences by providers of stored content, such as for example where stored picture or video content is slightly modified or changed but still in breach of the requirements, the Bill proposes to enable ACMA to issue a notice to a hosting service provider to ensure that content that is substantially similar to the stored content already subject to a take-down notice is not made available.

Consistent with the co-regulatory approach which has been implemented for other media such as television, radio and the Internet, the providers of new content services will be given the opportunity to develop industry codes to implement cost-effective mechanisms and rules for meeting their obligations under the regulatory framework.

Different sections of the content services industry will be able to develop codes of practice to give effect to certain content service provider obligations, and where necessary, ACMA will have the power to determine industry standards where it considers that industry codes are deficient in ensuring that content services are provided in accordance with prevailing community standards.

Live content services will be regulated in a manner consistent, as far as possible, with the regulation of traditional media content and the new approach for stored or static content services provided to convergent devices.

Although pre-assessment of live or ‘real time’ services is in many ways impractical, it will be mandatory that codes of practice developed for
live services provided on a commercial basis include provisions to deal with the assessment of the likely nature of these services. Under these mandatory code requirements, commercial content service providers who deliver live services must seek the advice of a trained content assessor on the likely classification before providing the service if there is a reasonable likelihood that the service would be classified as MA15+ or above. If the advice indicates that the service is likely to fall within a restricted category, it is incumbent upon the service provider to deliver the service with appropriate consumer information and age-verification mechanisms.

The Bill also outlines examples of matters which may be addressed in a code of practice including complaint handling procedures, consumer information requirements, promoting the awareness of safety issues including in relation to commercial chat services, and the making and retention of records.

The Bill and subsequent amendments to the Telecommunications Act 1997 will implement measures to require a mobile service account holder’s consent before the location of any handsets operated under the account may be used or disclosed. This will address concerns about the potential for location-based services to be used to facilitate inappropriate contact with minors.

The Communications Legislation Amendment (Content Services) Bill 2007 provides for the timely introduction of a new regulatory framework for a rapidly developing area of the communications sector. It is part of a wide-ranging package of measures introduced by the Australian Government to ensure that Australian consumers have access to new, innovative services. The new framework provides appropriate protections for children from being exposed to content suited only to adults while providing industry with the flexibility to explore the potential of providing entertainment and other services over new technologies.

The Government has also taken the opportunity in this Bill to amend the Telecommunications (Consumer Protection and Service Standards) Act 1999 to ensure that Australia’s Indian Ocean Territories comprising Christmas Island and the Cocos (Keeling) Islands, can be included in the regular independent reviews of telecommunications services in regional, rural and remote Australia. This will help in ensuring that the adequacy of these territories’ telecommunications services is appropriately assessed.

CORPORATIONS (NZ CLOSER ECONOMIC RELATIONS) AND OTHER LEGISLATION AMENDMENT BILL 2007

Today I introduce a Bill which will amend the Corporations Act 2001 to further support initiatives that build closer economic relations between Australia and New Zealand, with the possibility of extending them to other countries. The Bill also makes important amendments to enable the Australian Competition and Consumer Commission to exchange certain information with domestic and international regulators.

The initiatives embodied in the Bill are consistent with the Australia - New Zealand Closer Economic Relations Trade Agreement, which has shaped economic and trade relations between our two countries since 1983. They also further the work programme attached to the Memorandum of Understanding on the Coordination of Business Law between Australia and New Zealand.

Importantly, the Bill includes four key measures to implement closer economic relations and reduce duplication in regulatory compliance.

Firstly, the Bill establishes a mutual recognition regime for the issue of securities and interests in managed investment schemes. This implements the agreement reached in a Treaty between Australia and New Zealand on securities offerings. Currently, if a New Zealand entity seeks to issue securities to investors in Australia and New Zealand, it must comply with two substantive regulatory regimes - the requirements of the home (New Zealand) regime and the Australian Corporations Act, unless an exemption applies.

Because this duplication imposes additional costs on entities, often securities offers are not extended to Australian investors, which reduces investors’ choice.

The Bill will allow a New Zealand entity to offer securities in Australia and New Zealand, based largely on compliance with New Zealand fund-
raising laws. Mutual recognition means that Australian entities will be able to offer securities in New Zealand under reciprocal simpler regulatory arrangements.

There is a role for the regulators of both countries in the regime. The Australian Securities and Investments Commission (ASIC) will have primary responsibility for taking action against New Zealand issuers who breach the requirements of the regime, which they have opted into in Australia. Further the New Zealand regulator will have primary responsibility for supervising a cross-border offer into Australia.

Critically, if a New Zealand entity breaches the requirements of the regulatory regime, ASIC will have the power to stop the offer, prohibit advertisements in Australia and ban the fundraiser from making future offers. There are also criminal penalties for breaches of the regulatory requirements.

The Bill will continue to protect investors by ensuring that they receive the information they need to make informed investment decisions. In this context, the regime will apply to fundraising only, and not to the provision of financial advice.

In the case of breaches of laws relating to fundraising activities, investor remedies will be available in the courts of either jurisdiction.

Overall, the regulatory regime is designed to facilitate investment, enhance competition and provide greater investor choice.

Secondly, the Bill provides for the mutual recognition of companies. The Bill will exempt entities from those countries specified in the Regulations from being required to lodge specific information or documents with ASIC if that same material is lodged with an equivalent authority in that country.

The Bill will not remove the requirement for entities to register with ASIC to operate in Australia. However, this initiative will reduce the administrative burden of registration and ongoing lodging requirements. The Bill will thereby reduce duplication in information that is currently lodged with both ASIC and foreign regulators, which in the first instance will be the equivalent New Zealand regulator.

New Zealand recently enacted reciprocal arrangements to give the New Zealand regulator the power to make similar exemptions in relation to Australian companies operating in New Zealand. Relevant information will continue to be accessible as both ASIC and the New Zealand regulators are able to share information in this context.

Thirdly, the Bill will enhance the Australian Competition and Consumer Commission’s (ACCC’s) ability to share information with others, including the New Zealand Commerce Commission. The ACCC is currently limited in its ability to share important information with others, including its counterpart regulators.

This initiative will place the ACCC in a similar position to that of ASIC with respect to information sharing. Section 127 of the Australian Securities and Investments Commission Act 2001 provides for the appropriate disclosure of information by ASIC to Australian, and foreign, governments and agencies, including regulators. Similarly, this initiative will enable the ACCC to share information with governments and other agencies, where that information will enable or assist them in performing or exercising their functions or powers.

This initiative will assist the ACCC and other bodies to efficiently and effectively enforce the law. It will also assist in reducing the regulatory burden on business by enhancing co-operation and co-ordination between agencies.

The fourth initiative in the Bill will provide for the protection of certain information given, or obtained, by the ACCC, including from a foreign government body. Importantly, the Bill will not allow an ACCC official to disclose protected information, except in the performance of their duties or functions or as otherwise permitted by law.

The ACCC information-sharing initiatives implement recommendations made in the 2004 Productivity Commission’s (PC) Research Report entitled Australian and New Zealand Competition and Consumer Protection Regimes. The PC recommended that the Trade Practices Act 1974, and corresponding legislation in New Zealand, should be amended to allow the ACCC and the New Zealand Commerce Commission to exchange
information obtained through their information gathering powers. The Bill will also implement the recommended safeguards to ensure against the unauthorised use and disclosure of confidential or protected information.

Clearly this Bill fosters better and enhanced cooperation between Australia and New Zealand. Its measures are deregulatory in nature, whilst preserving important consumer protections. In this way, the Bill can only help facilitate better economic outcomes for the benefit of all Australians.

DEFENCE FORCE (HOME LOANS ASSISTANCE) AMENDMENT BILL 2007

This Bill seeks to further extend the operation of the Defence HomeOwner Scheme (the Scheme), from 31 December 2007 to 30 June 2008. The legislative basis for the Scheme is the Defence Force (Home Loans Assistance) Act 1990.

Late last year Parliament approved the Defence Force (Home Loans Assistance) Amendment Act 2006 which extended the operation of the Scheme from 31 December 2006 to 31 December 2007.

The extension of the end date was required to enable Defence enough time to review the current Scheme and develop a home ownership assistance scheme that is more contemporary to meet the needs of both Defence and ADF members.

Defence has completed this review of home ownership assistance and the results were announced on 9 May by the Government as part of the 2007 Budget.

The scheme is:

Defence Home Ownership Assistance Scheme

Value:

- $864 million over the next 10 years.

Why is this important?

- This provides ADF members with assistance to achieve home ownership recognising the difficulty members may have in purchasing a home due to the nature of their career.
- This will have a significant retention benefit to the ADF – it is a targeted measure involving progressively higher loan subsidies for those who serve beyond critical separation points.

What will this proposal do?

- Replace the old home loans assistance scheme;
- Provide contemporary and relevant home loan assistance pitched at a level that reflects current prices;
- Provide increasing entitlements as members serve beyond key exit points based on a 37.5 per cent interest subsidy of a three tiered loan subsidy limit:
  - four years - $160,000 ($241 per month);
  - eight years - $234,000 ($353 per month); and
  - 12 years - $312,000 ($470 per month);
- Be responsive to changes in the housing market;
- Provide flexibility and choice—giving the ADF member choice of mortgage providers—instead of the single provider under the old scheme; and
- Involves a reduced entitlement on discharge equivalent to the four year entitlement ($241 per month), unless the member has served 20 years or more before discharge.

Who will benefit?

- All ADF members—including Reservists—and their families.

The extension that I seek today will allow time for action consequent to the Government’s announcement to appropriately formalise the introduction of the new scheme. I seek to further extend the end date of the scheme from 31 December 2007 to 30 June 2008.

The extension will provide the National Australia Bank with continuance of its existing rights as sole loan provider under the Act until 30 June 2008, however, and more importantly, ensure that ADF members’ eligibility to home ownership assistance is preserved.

FORESTORY MARKETING AND RESEARCH AND DEVELOPMENT SERVICES BILL 2007

The Forestry Marketing and Research and Development Services Bill 2007 (the Bill) establishes
the mechanism for the Commonwealth Government to make payments to a new industry owned company which will replace and augment the functions of the Forest and Wood Products Research and Development Corporation (the Corporation).

The Australian forest and wood products industry is facing some critical challenges in the years ahead. These include: an undersupply of both softwood and hardwood sawlogs; increasing restrictions on resource harvesting in native forests; challenges in developing new plantations; competitive pressures from imports of international products and substitutes in traditional market sectors; a lack of domestic processing capacity; and a relatively flat per capita consumption trend for forest and wood products.

Consultation with industry confirms that there are some limits to our capacity to respond to these challenges, and one important gap is the need for a more effective commercial structure to deliver industry wide research and development and marketing and promotional programs.

The establishment of a new industry services body will enable the fine work and achievements of the Corporation to continue under industry ownership, and will deliver added flexibility to the body to undertake generic marketing and promotion, while still delivering the current benefits of the government matched funding for R&D.

Under these new arrangements, the R&D levy base, and therefore the funding available to the industry, will be broadened through regulations to be made under the Primary Industries (Excise) Levies Act 1999 and the Primary Industries (Customs) Charges Act 1999, to include a new forest grower/Managed Investment Scheme manager levy and to bring the hardwood sawlog levy in line with the current softwood sawlog levy. The existing import charge imposed on logs and certain classes of primary processed forest products imported into Australia will also now be eligible for Commonwealth Government matching funding when spent on eligible research and development expenditure by the industry services body.

The new company will also receive equivalent contract payments from state/territory forest growers, which will be eligible for matching funding by the Commonwealth Government when spent on eligible research and development, which is not currently the case. This arrangement assures equity between private and government owned forest growers.

One important new activity of the new entity will be to promote the sustainable nature of the timber industry in both domestic and international markets, by promoting wood products’ real environmental values.

This will be achieved through promotion of the inherent natural properties of wood products from managed forests, such as its recycling potential, sustainability, positive greenhouse impacts and potential to contribute to improved biodiversity as well as mitigation of environmental problems.

This legislation has the overwhelming support of the forest industry, including forest growers, wood processors and timber importers. It establishes arrangements for the continued funding of the new entity and so assists in providing certainty for R&D and marketing and promotional activities into the future.

The Government’s intention in introducing this bill is to strengthen the forest industries capacity to maintain its competitiveness through ongoing research and development and adoption of innovative practices, as well as to enable the provision of industry wide marketing and promotional programmes. The bill and the associated regulations regarding the levies and charges will enable the new industry services body to generate additional revenue for these activities. The Government’s intention is to ensure that funding for R&D is maintained at the current levels, at a minimum, under the new arrangements.

The Bill is a demonstration of the partnership approach to forestry matters between the Government and industry. It will further help maintain the competitiveness of Australia’s forest industries through the development of an enhanced industry led R&D, marketing and promotional company.
FORESTRY MARKETING AND RESEARCH AND DEVELOPMENT SERVICES (TRANSITIONAL AND CONSEQUENTIAL PROVISIONS) BILL 2007

The Forestry Marketing and Research and Development Services (Transitional and Consequential Provisions) Bill 2007 (the Bill) facilitates the transition envisaged in the Forestry Marketing and Research and Development Services Bill 2007 of the current Government owned Forest and Wood Products Research and Development Corporation (the Corporation) to a new industry owned services body.

The Government and the Forest Industry have identified the need for the current Corporation to be replaced by a new industry services body to enhance the involvement of industry in their future development and to enable industry-wide marketing and promotional activities to be undertaken.

The new industry services body will continue to develop the competitiveness of Australia’s forest industries through the development of an enhanced R&D, marketing and promotional company. R&D will be jointly funded by the Government and industry with marketing and promotional activities funded solely by industry.

The Bill deals with the transitional arrangements required to enable the smooth transferral of responsibilities from the Corporation to the new body. In particular, the provisions will ensure that the new organisation has staff from day one of its operation and that important ongoing existing R&D contracts can continue.

Amongst a range of administrative matters the Bill facilitates the transfer of assets and liabilities of the Corporation to the new body, the transfer of employees and their entitlements, and other provisions including the operation of the Archives Act and the production of Corporation’s final annual report.

The Bill also contains a number of consequential amendments to other legislation as a result of the cessation of the Corporation and the establishment of the new body.

This legislation has overwhelming support from industry groups and producers in providing for the transition from the Corporation to the new body and is a further demonstration of the partnership approach between the Government and Forest Industry.

GOVERNANCE REVIEW IMPLEMENTATION (SCIENCE RESEARCH AGENCIES) BILL 2007

The Governance Review Implementation (Science Research Agencies) Bill 2007 amends the Australian Institute of Marine Science Act 1987 ("the AIMS Act"), the Australian Nuclear Science and Technology Organisation Act 1987 ("the ANSTO Act") and the Science and Industry Research Act 1949 ("the SIR Act") to implement changes to the governance arrangements of the Australian Institute of Marine Science (AIMS); the Australian Nuclear Science and Technology Organisation (ANSTO) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

These changes form part of the Government’s response to the recommendations of the Review of the Corporate Governance of Statutory Authorities and Office Holders conducted by Mr John Uhrig.

The assessment of all three science research agencies against the recommendations of the Uhrig Review found that their functions are best suited to the Board template. However, a number of minor changes are required to legislation for each agency to enhance their governance arrangements and make them fully consistent with the Board template.

The current arrangements in relation to the appointment of future CEOs for AIMS and CSIRO are being amended to reflect the Uhrig Review recommendations that the CEO should be appointed by the Board, rather than the Governor-General. This arrangement is already in place in ANSTO.

A number of consequential amendments are also being made to ensure that other relevant provisions, including provisions relating to termination of the appointment of the future CEOs, are consistent with this arrangement.

In recognition of the responsibilities and workload of the Chairperson of the CSIRO Board, a position of Deputy Chairperson has been created.
Again, this is consistent with the arrangements that already apply to ANSTO.

Consistent with the Uhrig Review recommendations regarding the powers of a governing body, the legislative requirement for Ministerial approval of contracts above a prescribed value will be removed from the Acts for all three agencies. This will be replaced by a requirement, set out in the Minister’s Statement of Expectations that the Minister is notified in advance of the agencies entering into significant contracts.

The ANSTO Act will also be amended to reflect Uhrig Review recommendations in regard to best practice for boards by specifying that the Board will consist of 6-9 members, including the Executive Director. This increase in the size of the Board will enable a wider range of expertise to be brought to bear on corporate governance of ANSTO and is commensurate with the extent and technical complexity of its operations.

For consistency with commercial practice, the title of the chief executive of ANSTO will be changed to “Chief Executive Officer” rather than the current “Executive Director”.

In relation to CSIRO, the legislation is being amended to provide that the Chief Executive seek the Board’s approval for the payment of bonuses or IP rewards to CSIRO staff, rather than the Minister’s approval.

Section 9A of the SIR Act is also being amended to remove the need for Ministerial approval of the acceptance of gifts.

The legislative enhancements to the science agencies’ governance arrangements will be complemented by the issuance of Statements of Expectations by the Minister for Education, Science and Training to the AIMS Council and the ANSTO and CSIRO Boards outlining the Government’s current objectives relevant to these agencies, as well as any broad expectations that she has for them. The AIMS Council and the ANSTO and CSIRO Boards will each reply to the Statement of Expectations with a Statement of Intent, outlining how they propose to meet the expectations of the Minister. The Statements of Expectations and the Statements of Intent will be made public.

The Statement of Expectations will augment the 2007-08 to 2010-11 Quadrennium Funding Agreements (which replace the former Triennium Funding Agreements), which also serve to document key understandings about the agencies operations over this period. The Agreements will be entered into by the agencies, the Minister for Finance and Administration and the Minister for Education, Science and Training.

Finally, I would like to draw the attention of the Senate to the fact that the Deputy Secretary of DEST has resigned from the ANSTO Board and the Secretary of DEST has resigned from the CSIRO Board to remove the potential for conflict of interest for serving public servants between their responsibilities to the minister and the board.

The amendments to the sciences agencies’ Acts are part of a suite of changes that are being implemented by the government to improve the governance arrangements for various statutory agencies within the Education, Science and Training Portfolio.

I commend the Bill to the Senate.

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GREAT BARRIER REEF MARINE PARK AMENDMENT BILL 2007


The Great Barrier Reef is an Australian icon. In 1975 the Australian Government enacted the Great Barrier Reef Marine Park Act 1975 to establish a Marine Park in the Great Barrier Reef Region and to set up an Authority to manage the Park. At the time the government stated that “the protection of our unique Barrier Reef is of paramount importance to Australia and the world”.

The Act had bipartisan support in the Parliament and was ground breaking legislation. In providing for “reasonable use” to coexist with conservation, it established the concept of a multiple-use park, and has since been an exemplar for marine management and conservation.

The Australian Government has remained committed to the long term protection of the Great Barrier Reef. Since 1975 much has been achieved and the Great Barrier Reef is in relatively good shape compared to other coral systems around the
world. In 1981 the conservation values of the Great Barrier Reef were internationally recognised with its inscription on the World Heritage list. Between 1979 and 2001, thirty-three sections of the Marine Park were formally proclaimed. Throughout this period the Australian and Queensland Governments have worked together collaboratively to protect the environmental, social and economic values of the Great Barrier Reef.

The Marine Park now extends over 344 400 square kilometres. Following the introduction in July 2004 of the Great Barrier Reef Marine Park Zoning Plan 2003, the Marine Park is now covered by a single zoning plan that has significantly increased the area and level of protection. This Zoning Plan has been recognised, both nationally and internationally, as an important milestone in the ecosystem-based approach to conserving marine biodiversity.

The Act has now been in place for over thirty years and the 2003 Zoning Plan formed a transition point in the management and protection of the Marine Park. In 2004, the Australian Government undertook to review the Act to improve the performance of the Great Barrier Reef Marine Park Authority, its office holders and its accountability frameworks.

The review commenced in August 2005. It encompassed the outcomes of the 2003 Uhrig Review of corporate governance of statutory authorities, changes in the Commonwealth’s financial management frameworks that were introduced in 1997 and the need for better integration with the government’s key environmental legislation, the Environment Protection and Biodiversity Conservation Act 1999. Some 227 public submissions were made to the review, and during its course there were 36 meetings with a wide range of stakeholders. The report from the review was publicly released in October 2006. The Australian Government endorsed the review’s findings and recommendations and the review outcomes were widely welcomed by stakeholders.

The implementation of the review recommendations will deliver modern legislation for the Great Barrier Reef Marine Park, capable of responding to the long-term protection needs of the future. This Bill delivers the first tranche of changes that will strengthen governance arrangements and improve transparency and accountability, particularly in relation to the zoning plan process. The Great Barrier Reef Marine Park Authority will have an improved ability to engage effectively and transparently with stakeholders. Later there will also be changes to better integrate the Act’s environmental assessment and compliance and enforcement measures with the Environment Protection and Biodiversity Conservation Act 1999.

Equally important are the review recommendations that enhance the relationship with Queensland through an updated intergovernmental agreement with a clear charter for the Ministerial Council, but these do not require legislative change.

The amendments to the Great Barrier Reef Marine Park Act 1975 contained within this Bill can be categorised as amendments aimed at improving transparency and accountability and strengthening the governance of the Great Barrier Reef Marine Park Authority.

The amendments will ensure that the current zoning plan for the Great Barrier Reef Marine Park cannot be amended for at least seven years from the date it came into force. This will provide stability for business, communities and biological systems. A process to allow for the correction of typographical errors in a zoning plan is provided. A regular and reliable means of assessing the protection of the Great Barrier Reef will be provided through a formal “Outlook Report” that is tabled in Parliament every 5 years. This Report will cover the management of the Marine Park, the overall condition of the ecosystem and the longer term outlook for the Great Barrier Reef. It will be peer reviewed by an appropriately qualified panel of experts appointed by the Minister.

The Minister will be responsible for any future decision to amend the zoning plan, and any such decision will be based on the Outlook Report and advice from the Authority.

Engagement with stakeholders on the development of a new zoning plan will be improved and the process made more transparent, with comprehensive information being made publicly available throughout the process. This will include the rationale for amending the zoning plan, the principles on which the development of the zoning plan will be based, socio-economic information,
and a report on the final zoning plan and its outcomes.

In addition, each of the two public consultation periods will be increased from one month to three months.

The Authority will remain a statutory authority and body corporate. The Authority will become subject to the Financial Management and Accountability Act 1997 recognising that its funding is predominantly sourced from public monies rather than commercial activities.

The role of the Great Barrier Reef Consultative Committee has been superseded by consultation mechanisms of the Authority. This Committee will be replaced by a non-statutory advisory board to the Minister to provide a means of engaging with representational bodies and key experts.

Under the Act, the Authority comprises a minimum of two and a maximum of four members. This will be increased to a maximum of five members who will be selected for their relevant expertise. This will allow for a broader range of appointments to the Authority.

In commissioning the review of the Great Barrier Reef Marine Park Act, and endorsing the comprehensive outcomes of that review, the Australian Government has recognised the evolving needs and challenges for safeguarding the Great Barrier Reef into the future.

Meeting these challenges requires up-to-date, relevant legislation and an approach that provides for continued protection for marine life and biodiversity, as well as for ongoing sustainable economic and recreational activity, and engagement with all stakeholders.

The Australian Government is committed to the long-term protection and wise use of the Great Barrier Reef. This Bill will bring about changes that set a clear direction for the future management of one of Australia’s most precious assets.

The review was conducted by ACIL Tasman and proposed a number of changes to improve the economic and administrative efficiency of preparations for and management of a national liquid fuel emergency.

Many of the recommendations were accepted by the Ministerial Council on Energy and by the Government in its response in December 2005. This Liquid Fuel Emergency Amendment Bill 2007 will give effect to those recommendations.

Mr President, Australian suppliers of petroleum products are adept at managing supply chains to efficiently and reliably provide liquid fuels to the Australian market. Disruptions at any point in the supply chain can affect the capacity of suppliers to provide fuel to the end user, but anything more than a minor inconvenience has been rare. In most cases, the end fuel user has been oblivious to any problem. In situations where there has been pressure on supply, the normal operation of the market has effectively managed the shortfall.

In the rare circumstance where intervention could be necessary, each State and Territory Government has its own liquid fuel emergency legislation and response plan. Where the crisis is beyond the capacity of either the fuel industry or the relevant State and Territory Government to manage on their own, a national liquid fuel emergency may be declared. However, Mr President, no such emergency has been declared since the Liquid Fuel Emergency Act came into force nearly 23 years ago.

However, the existence of the Act recognises that such an emergency is possible and this Amendment Bill improves its arrangements. There are many potential triggers and it is not possible to predict which could require the use of the Act’s powers. While I do not wish to limit the ability of present and future Governments to deal with a national liquid fuel emergency caused by an unforeseen event, such emergency could conceivably be brought about by a terrorist attack against one or more oil refineries, an accident caused by human error, long-term industrial action at our ports, or even a major disruption in places like Singapore or the Middle East.

Mr President, while the Government accepts its responsibility to prepare contingency plans for a potential national liquid fuel emergency, the Act

LIQUID FUEL EMERGENCY AMENDMENT BILL 2007

does not, and was never intended to, manage or reduce fuel supply risks for fuel users. If such an emergency does occur, the Government cannot guarantee that all fuel users will have access to the fuel that they desire. Although the Act provides the Government with extensive powers to control the distribution and sale of fuel, a finite amount of fuel available means it is the Government’s responsibility to ensure that it goes to those fuel users that need it the most, without causing any further disruption to the community than is necessary.

All businesses with operations that rely on an uninterrupted supply of liquid fuel should understand that there is a remote possibility that their fuel supply could potentially be disrupted, and consider how they would cope if such disruption occurred.

Mr President, I now turn to some of the major elements of this Bill.

The Bill changes the definition of “essential” user to relate more specifically to the health, safety and welfare of the community, and removes the concept of “high priority” user from the Act. These changes narrow the types of fuel users with preferential access to fuels in the event of a national liquid fuel emergency, and therefore encourage appropriate investment in risk management. The Government retains the power to identify additional “essential” users under the Act, and to tailor the list of essential users to the specific circumstances of a disruption.

The Bill amends the compensation provisions of the Act to establish a more equitable regime. Compensation will be payable under:

- Section 45, where compensation for an acquisition of property must be on just terms; and under
- Section 46, where a fuel industry corporation or person can be compensated if forced to comply with a Government direction prior to the emergency. A claimant must demonstrate that they have suffered a loss as a result of the direction and that they have been unable to recover that loss from the market.

No compensation will be payable for any losses suffered as a result of compliance with a direction during a national liquid fuel emergency.

Other changes to these provisions extend the exemption from a law suit for a breach of contract, and for officials exercising a power or performing a function under the Act reasonably and in good faith.

The Bill will enable certain legislative instruments under the Act to take effect prior to their registration, or to prevent the Parliament from disallowing or sun-setting certain legislative instruments. These changes will enable the Government to respond as quickly as possible to changing circumstances in a national liquid fuel emergency. In most cases, these exemptions will not be necessary. However, fuel supply disruptions are inherently unpredictable, and there must be a high degree of flexibility in the Government’s ability to respond.

The Bill introduces an exemption from prosecution for conduct during a national liquid fuel emergency that would breach Part IV of the Trade Practices Act 1974 (which deals with anti-competitive conduct) if that conduct is required by a direction under the Act. The Government is relying on the cooperation of fuel corporations to help it respond to a national liquid fuel emergency, and the inclusion of this clause will provide greater certainty of a corporation’s potential liability.

Mr President, this change is not intended to signal open season on anti-competitive practices. It is the intention that a direction will specify acceptable conduct or arrangements if there is a risk of anti-competitive effect. In any event, the Minister will retain the power to revoke a direction if it is not achieving its intended purpose.

The Bill extends the capacity of the Minister to delegate his or her powers and functions under the Act, enabling a more devolved emergency response that can better adapt to changing circumstances.

It also amends the enforcement provisions of the Act to require a search warrant to be issued by a magistrate rather than a justice of the peace, as well as outlining the requirements for consent and clarifying some of the powers of authorised persons appointed under the Act.

The Australian Capital Territory will now be a legal entity within the terms of the Act, and the
penalty provisions updated to reflect current drafting practices and criminal law policy.

Mr President, this Liquid Fuel Emergency Amendment Bill is intended to facilitate two outcomes:

- to encourage the more effective management of fuel supply risks by those persons or organisations that have the capacity to do so; and
- to ensure that administrative arrangements remain efficient, effective and sufficiently flexible, reflecting the many different circumstances that could trigger the exercise of the Government’s powers under the Act.

The changes to the Liquid Fuel Emergency Act which will be given effect by this Bill will strike an appropriate balance between these two objectives.

I commend the Bill to the Senate.


The purpose of the Bill is to amend the Schools Assistance (Learning Together – Achievement Through Choice and Opportunity) Act 2004 (the Act). Through this legislation the Australian Government provides significant funding to support government and non-government schools.

Over 2005-2008 some $33 billion will be provided for schooling across Australia. The Australian Government believes that this investment of taxpayer funds should offer assurance to parents that their children will receive quality education, regardless of which school they attend.

The Australian Government is boosting this significant investment by delivering more than $843 million over four years to schools through the Realising Our Potential package announced as part of the Australian Government’s 2007-08 Budget package.

The schools Budget will provide over $9.7 billion for the 2007-08 financial year. This funding demonstrates that the Australian Government has increased its investment in schools since 1996 by around 172%. Around 3.4 million students from over 9,600 schools and school communities across Australia will benefit from the range of significant education initiatives.

This Amendment Bill will implement two important Budget measures for schools. This Bill will provide funding for regional and remote non-government schools in addition to current funding. Students in more than 400 regional and remote non-government schools will be supported to achieve better educational outcomes.

This additional funding will come in the form of a loading in addition to general recurrent funding provided by the Australian Government. Eligibility for the loading will be determined using a remoteness classification as defined in the Remoteness Structure under the Australian Bureau of Statistics’ Australian Standard Geographical Classification and according to the remoteness of the Census Collection District in which the school campus is located. The delimitation criteria for remoteness areas are based on the Accessibility/Remoteness Index of Australia (ARIA).

Non-government schools, or campuses of schools, located within areas classified as ‘Moderately Accessible’, ‘Remote’ or ‘Very Remote’ will receive an additional 5 percent, 10 percent or 20 percent respectively of the funding entitlement associated with their socioeconomic status score. This additional funding will be available for schools from 1 January 2008.

A loading provided to non-government regional and remote schools recognises the higher cost of delivering schooling in regional and remote Australia. Schools will be able to direct the increased funding to improve the educational opportunities for students in these regions. The funding could be directed to additional resources, attracting quality teachers, increasing staff retention or improving teacher access to professional development. The Australian Government recognises the unique hardships regional and remote schools face and these funds will enable schools to target those areas that most seriously affect their capacity to enhance educational outcomes for their students.
The next schools funding agreement will require state and territory governments to provide an equivalent increase in funding for regional and remote government schools from 2009.

The second Bill measure implements an Humanitarian settlement initiative. The Bill will provide increased per capita funding to assist with intensive English as a Second Language tuition for students entering Australia under the humanitarian programme.

The Australian Government is committed to supporting newly arrived humanitarian entrants and acknowledges that English proficiency is a vital aspect of successful settlement. The Budget initiative will double the per capita rate of funding paid to government and non-government education authorities for students in primary and secondary schools who enter Australia on a humanitarian visa.

For humanitarian entrants in Australian primary and secondary schools, intensive support to improve English language skills is one of the best ways to improve the educational outcomes and future employability so that they can participate more broadly in Australian society.

The Realising Our Potential package will ensure that the Australian education system better meets the needs of students, enabling them to prosper economically and socially in a global environment. It will improve quality, ensure consistency and assist students falling behind in literacy and numeracy.

The Realising our Potential Budget package also includes:

- the National Literacy and Numeracy Vouchers programme which will provide assistance to parents of students who have not achieved minimum literacy or numeracy standards in Years 3, 5, 7 and 9;
- a new Australian Government Summer Schools for Teachers programme;
- grants for schools of up to $50,000 under the Rewarding Schools for Improving Literacy and Numeracy Outcomes initiative;
- the Improving the Practical Component of Teacher Education initiative, to ensure the practical experience of student teachers is of high quality
- a new pilot programme to trial the use of aptitude tests by universities for assessing Year 12 students seeking tertiary entrance each year; and
- funding to work with states and territories to develop core curricula standards in English and towards developing national teacher training and registrations standards.

In addition to the total funding provided for schools in this year’s Budget, the Australian Government will, from 2009, require that government and non-government education authorities focus on improving school standards and quality including through:

- introducing national teacher training and registration standards to improve the skills of new teachers;
- including external assessment as part of Year 12 certificates and common descriptions of levels of achievement;
- introducing greater principal autonomy in school management and teacher employment arrangements;
- introducing performance-based pay for teachers to encourage and reward excellent teaching;
- reporting school and student performance against national benchmarks (including literacy and numeracy results), with school and state comparisons; and
- encouraging states to establish selective high schools.

The Australian Government is putting measures in place to ensure all Australian schools focus on improving quality, so that parents can be confident their children will receive a high quality education and develop the core skills to be successful in their careers or in further education and training. The Realising Our Potential package will drive quality improvements in Australian schooling for all students.

I commend the Bill to the Senate.

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CHAMBER
I am pleased to present legislation that will enhance and streamline Veterans’ Affairs administrative practices and further align the Veterans’ Entitlements Act 1986 with the Social Security Act 1991. The legislation also makes some minor changes to certain income support regimes and contains a number of minor and technical amendments to remove potential ambiguities and anomalies.

The Bill includes consequential amendments to the Income Tax Assessment Act 1936 to include the income support supplement among the payments which can be exempt from providing a tax file number.

Amendments to the Income Tax Assessment Act 1997 are included to clarify and give effect to the taxable status of Defence Force Income Support Allowance payments.

Technical amendments to the Military Rehabilitation and Compensation Act 2004 will correct some anomalies in the Act. The amendments relate to injuries or diseases that are sustained or aggravated as a result of treatment for a service injury or disease. Previously some injuries or diseases sustained as a result of treatment for a service related injury or disease were not considered to be a service injury or disease if they were an expected consequence of the treatment. Under the changes, such conditions will be considered a service injury or disease.

A further amendment to the MRCA will clarify issues concerning the onus of proof for liability claims. The MRCA will be amended to show that there is no onus of proof for acceptance of liability claims. This is in line with the policy intention and was an oversight in the original legislation.

Amendments to the VEA Income and Assets test will be enhanced by allowing the disposal of assets provisions to be disregarded in circumstances where the asset is subsequently returned or adequate consideration is subsequently received. This will address some potentially unfair outcomes, including the possibility of double-counting of assets in some situations.

Amendments will also be made to include supplementary payments, such as telephone allowance, advance pharmaceutical allowance and education entry payments, in the definition of ‘compensation-affected pension’. This will allow for the recovery of such payments from the compensation payment where the reduction in the income support pension is retrospective. Previously, the supplementary payments have had to be recovered directly from the recipient under the general overpayment provisions of the VEA. This amendment will simplify the recovery of overpayments under the compensation recovery provisions and will align VEA arrangements with those in place under the Social Security Act.

In addition, the Bill amends the definition of ‘compensation-affected pension’ to reflect that income support supplement will cease to be a compensation-affected pension from qualifying age, rather than pension age. Qualifying age for DVA pensions is five years earlier than the pension age under the Social Security Act. This amendment reflects the policy intention and will ensure that all income support supplement recipients are treated equally, regardless of whether or not the person is a veteran.

Currently, the VEA does not include detailed requirements for the Repatriation Commission on providing written advice to claimants for certain determinations. The amendments in this Bill rectify that situation and include amendments that explicitly identify the determinations for which the Repatriation Commission must provide a claimant with written notification.

The Bill also seeks to clarify arrangements for the payment of pensions and the provision of treatment for a person in gaol. Under the current arrangements, if a person is in prison on a pension payday, the entire pension instalment may be forfeited. The amendments in this Bill will align the VEA with the Social Security Act under which pension is not payable only in respect to the days the person is in gaol, not necessarily the full pension period. Further amendments will clarify that treatment under the VEA is not provided to persons in prison as this is the responsibility of the relevant State. The definition of gaol is also being expanded and will include being lawfully detained in a prison or elsewhere pend-
ing trial or sentencing, and will take account of those in psychiatric confinement after having been charged with an offence.

The amendments will also rectify a mis-alignment between certain criteria of the Income/Assets Limit Reduction Limits rates which has occurred as a result of rounding. The rates affected are Income/Assets Reduction Limit with regard to treatment eligibility and dependant children. These will be addressed by varying the calculation methods.

Amendments are also made to the Defence Force Income Support Allowance which include changes to recovery of overpayment provisions, and providing for an increase to the bereavement payment provisions of the Social Security Act to take account of the DFISA amount payable to a carer payment recipient in certain circumstances. Further amendments rectify an oversight in the legislation which has meant that the DFISA pension bonus would not be paid after the eligible person died if their claim had not been determined at the time of death.

The Bill includes amendment to the rent assistance provisions which will clarify criteria for accessing rent assistance and extends rent assistance eligibility to Special Rate Disability Pension recipients.

Finally, this Bill also includes numerous technical amendments to the Veterans’ Entitlements Act. These include clarifying that Family Assistance Payments are exempt from the Veterans’ Entitlements income test. This will align the VEA with the Social Security Act and is in keeping with the intention of the Family Assistance Payments. The Bill also includes an amendment to extend the time period for lodging claims for travel reimbursement from 3 months to 12 months. This will assist ageing veterans who have difficulty lodging claims within the current timeframe.

This Bill continues the Government’s ongoing commitment to supporting Australia’s current and former service personnel and ensuring their future well-being.

Debate (on motion by Senator Scullion) adjourned.

Ordered that the Forestry Marketing and Research and Development Services Bill 2007 and the Forestry Marketing and Research and Development Services (Transitional and Consequential Provisions) Bill 2007 be listed on the Notice Paper as one order of the day, and the remaining bills be listed as separate orders of the day.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS SCHEME) BILL 2007

First Reading

Bill received from the House of Representatives.

Senator SCULLION (Northern Territory—Minister for Community Services) (4.11 pm)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator SCULLION (Northern Territory—Minister for Community Services) (4.11 pm)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The Pharmaceutical Benefits Scheme (PBS) is an excellent system for funding access to medicines and has served the Australian people well for many years. The PBS provides Australians with timely, reliable and affordable access to necessary and cost effective medicines. Patients normally pay only standard co-payments to access medicines which often would otherwise be unaffordable. Doctors and patients can often choose between a variety of medicines and brands to treat a particular condition. Medicines that are listed on the PBS are assessed by experts to be clinically effective and cost effective.
In 2005/06, the government provided $6.2 billion to subsidise access to medicines listed on the PBS. More than 168 million prescriptions across a wide range of PBS listed medicines were dispensed, ranging from relatively low cost, high volume medicines for the treatment of long term chronic conditions to highly targeted, expensive medicines for acute and life threatening illness.

Every year important new medicines are listed on the PBS. Since August 2006, more than $1.3 billion has been committed to fund access to new medicines: medicines such as Herceptin® for early breast cancer, Lantus® and Levemir® for the management of diabetes and Raptiva® for the treatment of psoriatic arthritis. This is good news for patients, more of whom now have access to the latest medicines.

Other PBS-listed drugs have recently had their criteria extended so they are now available to more patients. These include the statin group of drugs, including extensions to the listing of Ezetrol® and Vytorin®, and broadened eligibility for alendronate for the treatment of osteoporosis.

It is our responsibility, however, to continue to scrutinise schemes like the PBS to ensure that we are getting good value for taxpayers. The structures we have in place must be able to continue to provide access to new and expensive medicines for future generations.

The integrated package of reforms to the PBS announced on 16 November 2006 delivers this dual aim. It puts in place structural changes to the pricing of medicines to achieve good value for listed medicines, while delivering long term savings to support the continued listing of cost-effective medicines into the future.

The reform package includes:

- a new structure to the PBS Schedule with new pricing arrangements for listed medicines, including statutory price reductions and greater transparency through price disclosure requirements;
- a pharmacy support package to help community pharmacists to adjust to the new arrangements;
- streamlined authority approvals for a large number of medicines, which will give doctors more time to spend with their patients;
- establishing a working group to consider issues of continued access to innovative medicines through the PBS; and
- a public awareness campaign to increase knowledge and usage of generic medicines.

Key industry stakeholders, particularly Medicines Australia, the Pharmacy Guild and the Australian Medical Association have indicated their general support for these reforms.

The Bill contains amendments to the National Health Act 1953 that will change the pricing arrangements for medicines to make sure that the Government pays better prices for multiple brand medicines, without increasing the costs for patients and taxpayers.

These changes are forecast to save more than $580 million over the next four years, growing to $3 billion over the next 10 years.

The fundamentals of the PBS will not change. Patients will continue to meet only the standard co-payments, currently $4.90 for concessional patients and $30.70 for general patients. In some cases, where the price of a medicine falls below the general co-payment, patients will pay less. The Pharmacy Guild has estimated that about 400 brands will fall into this category.

The Government will continue to list only those medicines that the Pharmaceutical Benefits Advisory Committee (PBAC) has assessed as safe, effective and cost-effective. The legislation does not amend those sections of the Act that set out the basis on which the PBAC provides advice on the listing of medicines.

The main changes will be in the way that the Government prices medicines that are operating in a competitive market. In recent times, the Government has been paying too much for many multiple brand medicines where there is a competitive market operating. These medicines will take price reductions in the short term, and eventually will move to a more transparent system where the price the Government pays is much closer to their market price.

The Formularies

The first major reform enacted by this Bill is to divide medicines on the PBS into separate formularies, F1 for single brand medicines and F2 for...
multiple brand medicines. A medicine can be listed on only one formulary. Importantly, there will be no price links between these formularies. This classification of medicines into formularies is an important step in tackling a problem that has arisen in the current system of PBS pricing, where the price of single brand and multiple brand medicines that provide similar health outcomes, has been linked.

In this environment, it has been difficult to impose price reductions on those multiple-brand medicines which the Government knows are being discounted to pharmacies. This is because, in many cases, the reductions flow directly on, through price linking, to single brand medicines that are not being discounted. This has caused some difficulties for industry and places patients at risk of losing subsidised access to many worthwhile medicines.

Classifying medicines into formularies with no price links between them allows the Government to reduce the price paid for medicines operating in a competitive market while protecting single-brand medicines from unsustainable price reductions.

The Government and pharmaceutical stakeholders have worked co-operatively to develop the criteria to determine on which formulary each drug should be placed. I would like to thank the industry for their constructive work with the Government through periods of consultation and negotiation.

Statutory Price Reductions Applying to Formularies

The F1 formulary will comprise single brand medicines, which are not subject to price competition in the market. No statutory price reductions will apply to these medicines. When a new brand of an F1 medicine is listed on the PBS, the medicine will move to the F2 formulary and be subject to the F2 pricing arrangements.

This means that single brand medicines may retain their original listed price until such time as they become subject to competition. This will provide companies with greater certainty about the price of these medicines and help ensure that patients continue to access them, without keeping the price of other medicines artificially high.

The F2 formulary will comprise those medicines which have multiple-brands, and those which are interchangeable at the patient level with multiple brands that operate in a competitive market.

From 1 August 2008 reductions in the prices of F2 medicines will be required:

- There will be a price reduction of 2 per cent a year for three years for medicines where price competition between brands is low (these are referred to as F2A medicines); and
- There will be a one-off price reduction of 25 per cent for medicines where price competition between brands is high (these are referred to as F2T medicines).

The National Health (Pharmaceutical Benefits) Regulations will set down the formularies at the commencement of the legislation on 1 August 2007.

Medicines will move from F1 to F2 when a new brand is listed, reflecting the introduction of competition for that medicine. The criteria for moving between formularies are provided in the Bill.

Certain medicines which are a combination of two or more medicines (at least one of which is PBS-listed) are to be placed on a list outside the formularies. Their prices are to be based on the weighted price of their component medicines. Therefore, if one of these component medicines has a price reduction, the price reduction will be apportioned to the combination medicine. This is consistent with the current approach to pricing combination medicines.

In discussions with industry on these changes, concerns have been raised that some medicines have unique formulations that serve the particular needs of a sub-population, such as oral solutions for paediatric or geriatric patients. Industry has advised that they supply these medicines at low volume and with little profit and cannot afford to reduce the price of these formulations.

In response, the Bill allows for single brand formulations of some medicines to be exempt from the price reductions applying to the medicine as a whole. The exemption will apply as long as there is only one PBS listed brand of that formulation. It will apply to statutory price reductions and those that may arise from future price disclosure arrangements. Exempting these formulations...
from price reductions will ensure that they will continue to be supplied to the patients who need them.

Exemptions from price reductions will be established through Ministerial determination, in accordance to criteria set out in this Bill.

When an F1 medicine moves to F2, it will be subject to a statutory 12.5% price reduction. Similarly, if a medicine on F2 has not already received a 12.5% price reduction, then it will receive that price reduction when a new brand is listed.

Price Disclosure
These price reductions will in the short term give better value to taxpayers for listed PBS medicines. In the longer term, this aim of improved value will be sustained by moving to a system of transparency in the pricing arrangements for multiple brand medicines on the F2 formulary.

From 1 August 2007, a company listing a new brand of a medicine on the F2A formulary must disclose market price data to the Department of Health and Ageing. Sponsors of all other brands of that medicine which are administered in the same way will also be invited to voluntarily disclose market price data.

This price disclosure requirement will also apply to medicines listed on the F2T formulary from 1 January 2011.

The price data required by the Department will include indirect financial benefits provided to wholesalers and pharmacies, as well as price discounts.

This price disclosure data, collected over a 12 month period, together with utilisation data, will determine the weighted average price of those medicines subject to price disclosure requirements.

Price reductions will occur only if the difference between the current approved ex-manufacturer price and the weighted average disclosed price is 10 per cent or more. This will allow room for some residual competitive market activity.

A company participating in price disclosure, either as a requirement of listing or on a voluntary basis, which fails to comply with price disclosure requirements will commit an offence, with a penalty of $33,000 for a corporation.

Further penalties include delisting that brand or other brands from the PBS, or refusing to list new brands of that company. The application of the penalties would depend on a range of factors, such as the number of times the company did not comply with price disclosure requirements and the reasons for non-compliance.

Price disclosure will introduce transparency to the pricing arrangements for PBS medicines. It will retain the benefits that flow from market competition, whilst enabling taxpayers to capture some of those benefits.

Guarantee of Supply
The Bill also includes provisions for new bio-equivalent brands of medicines listing on the PBS, and existing brands of F2 medicines offering price reductions, to guarantee supply for a minimum period of 24 months, or until a new brand is listed, whichever is the sooner.

If during the guarantee of supply period, a Responsible Person forms the belief that there could be a failure to supply, or if there is a failure to supply, that person must notify the Minister, in writing.

Should a responsible person fail to comply with the guarantee of supply requirements the penalties would again include delisting that brand or other brands from the PBS, or refusing to list new brands of that company.

Regulations and Legislative Instruments
A number of elements of the reforms are managed through Regulations and legislative instruments.

The original allocation to formularies will be through Regulations.

The method for collecting and analysing data for price disclosure purposes will also be provided for in the Regulations.

Additionally, medicines that are subject to the new streamlined authority provisions will be listed in a legislative instrument. The list of these medicines has been considered by the Pharmaceutical Benefits Advisory Committee.
Other Elements

Finally, there are several additional elements to the reform package which will be managed through administrative arrangements.

A community education campaign will be undertaken to ensure that consumers and health professionals are aware of the safety, health and economic benefits of generic medicines. The campaign will focus in particular on high users of the PBS and will increase awareness that:

- All medicines in Australia, including generics, meet the same high standards of safety and effectiveness;
- Generic medicines may save consumers money; and
- Generic medicines help maintain the affordability of the PBS into the future.

An Access to Medicines Working Group has been formed. It comprises representatives from the Department of Health and Ageing and from Medicines Australia, and has been set up to consider issues relating to timely and appropriate access to effective new medicines. The first meeting of the Access to Medicines Working Group has already taken place.

This group will be the key forum for high level engagement between my Department and Medicines Australia on access to medicines issues.

Conclusion

In conclusion, these reforms achieve necessary change to the PBS to make it sustainable into the future, without changing the fundamentals of how it works.

The PBS will continue to provide access to a wide range of medicines, and will support the listing of new cost effective medicines.

The PBAC will continue its crucial role in advising on clinical and cost-effectiveness to inform listing decisions.

Patients will continue to have a clinically effective medicine at the co-payment price. For many medicines that are priced below the general co-payment, patients will pay less.

There will be no change to the PBS safety net, which will continue to ensure affordability for patients with chronic conditions or high use of medicines.

Access to medicines will continue to be through community pharmacies but with much greater transparency about the level of pharmacy remuneration, resulting in better prices being paid by government.

These reforms have been designed following a long period of consultation with industry groups. Again I would like to thank all those who have participated for the open and collaborative way in which they have contributed to discussions of reform.

There is no doubt that the new arrangements will require a period of adjustment. It’s good that all industry groups have been willing to set aside their short term interests to contribute to designing a sustainable PBS that can continue to provide Australian patients with access to a wide range of medicines at an affordable price.

Patient access is at the centre of these reforms and should be guaranteed by the structural changes that I presented today.

Debate (on motion by Senator Scullion) adjourned.

GOVERNANCE REVIEW IMPLEMENTATION (TREASURY PORTFOLIO AGENCIES) BILL 2007

Returned from the House of Representatives

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

SOCIAL SECURITY AND VETERANS’ AFFAIRS LEGISLATION AMENDMENT (ONE-OFF PAYMENTS AND OTHER 2007 BUDGET MEASURES) BILL 2007

SUPERANNUATION LAWS AMENDMENT (2007 BUDGET CO-CONTRIBUTION MEASURE) BILL 2007

BROADCASTING LEGISLATION AMENDMENT (DIGITAL RADIO) BILL 2007
RADIO LICENCE FEES AMENDMENT BILL 2007
EDUCATION SERVICES FOR OVERSEAS STUDENTS LEGISLATION AMENDMENT BILL 2007
PRIMARY INDUSTRIES AND ENERGY RESEARCH AND DEVELOPMENT AMENDMENT BILL 2007
HIGHER EDUCATION LEGISLATION AMENDMENT (2007 MEASURES No. 1) BILL 2007
MIGRATION AMENDMENT (MARITIME CREW) BILL 2007
GOVERNANCE REVIEW IMPLEMENTATION (TREASURY PORTFOLIO AGENCIES) BILL 2007

Assent

Messages from His Excellency the Governor-General were reported informing the Senate that he had assented to the bills.

CLUSTER MUNITIONS (PROHIBITION) BILL 2006
Report of Foreign Affairs, Defence and Trade Committee

Debate resumed.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (4.12 pm)—by leave—The report resulted from the referral of the Cluster Munitions (Prohibition) Bill 2006—a Democrats bill—to the committee. The effect of that bill was to ban Australia’s involvement in cluster munitions. The bill arose from a visit I made to Lebanon in October last year, where it became very clear to me—and to the rest of the world—that cluster munitions in that conflict had left a legacy of destruction that would go on harming civilian populations for many years to come and that, in effect, cluster munitions had taken the place of landmines. Ninety-eight per cent of those killed by cluster munitions are civilians and many of those are children.

The Democrats were very disappointed that the submission of the Australian armed forces indicated that Australia would not accept the ban or the bill. Not only did they not wish to have that ban in place but they announced for the first time that Australia would acquire its own submunitions and that that was the reason for their opposition. The Democrats were disappointed with that finding. The committee’s report said that the newer, self-destruct munitions should be exempt from any ban, despite evidence that showed that these weapons still carried serious failure rates and caused unacceptable humanitarian harm.

In terms of Australia owning its own submunitions, we argued that this would diminish Australia’s capacity to persuade other countries to take seriously the impact of cluster munitions on civilians. There was plenty of evidence brought to the inquiry to that effect. It seems so incongruous, given the international moves to ban cluster munitions, that Australia would be a latecomer, as it were, in acquiring these munitions for itself.

I am grateful to the Senate for referring this bill for inquiry. I think it was very useful for the committee to receive submissions on the subject. It was disappointing that there was no public hearing, because there was no opportunity to quiz the Department of Defence on the reasons why they acquired these munitions at this late stage, what sorts of models they were proposing to purchase, where they came from, what they cost, what their failure rate might be, the conditions under which they were tested and so on. So it was a disappointment that both major parties determined that we would not have a public hearing into the bill. The overwhelming majority of submissions were in support of either the bill or a version of the bill which would be very restrictive on the way in which cluster munitions were used.
The inquiry was given a lot of evidence about the huge humanitarian cost to civilians. In Lebanon last year more than 1,000 cluster munitions were dropped, leaving the country littered with more than a million bomblets—devices which continue to kill year after year, as I said. Up to 50 per cent of those became unexploded ordnance as a result of that conflict. Of course, it is not the only country where they have been dropped. There have been others—for instance, Afghanistan and Iraq. And in Asia, in Vietnam and Cambodia, there are millions littering the countryside, making it almost impossible for people to go about their daily business, whether it is farming or it is children on their way to school, and they remain an enormous threat to people.

After the conflict in Lebanon, on 7 November the UN Secretary-General called on state parties to the Convention on Certain Conventional Weapons to immediately address the atrocious, inhumane effects of cluster munitions at the time of their use and long after conflicts end, and to devise effective norms that will reduce and ultimately eliminate the horrendous humanitarian and developmental impact of these weapons. UNICEF Australia said that unexploded cluster bombs left over from conflict violate a number of articles of the Convention on the Rights of the Child, including those which relate to a child’s right to life, to a safe environment in which to play, to health, to clean water, to sanitary conditions and to adequate education.

This was both a timely bill and a timely inquiry, because world leaders—and, as I have just mentioned, only two of them—have been calling for international action. It was the case that Norway was the first country to really make moves in this direction. It called a conference in Oslo some months ago. Unfortunately, the Australian government decided not to attend this meeting. That is a great pity because there were 46 governments in attendance at that conference in Oslo in February this year. They agreed to conclude by 2008 a legally binding, international instrument that would prohibit the use, production, transfer and stockpiling of cluster munitions that caused unacceptable harm to civilians; to establish a framework for cooperation and assistance that would ensure adequate provision of care and rehabilitation of survivors and their communities, clearance of contaminated areas, risk education and destruction of stockpiles of prohibited cluster munitions; and to consider taking steps at a national level to address these problems. Also, they agreed to continue to address the humanitarian challenges posed by cluster munitions within the framework of international humanitarian law and in all relevant areas, and to meet again to continue their work in Lima in May-June, in Vienna in November-December and in Dublin in early 2008.

So it was pleasing that, despite not turning up to Oslo and pretty much ignoring that initiative, Australia did go to Lima in May-June. We certainly hope that the Department of Defence also goes to the Vienna meeting in November-December—and not only goes but argues very strongly for an international convention. I think it is important that our delegation at that meeting is properly informed about the dangers of cluster munitions and the risk of having a partial ban on these nasty weapons. It is much simpler, I would argue, for Australia to take a line which says: ‘There are some munitions which may be better than others but, by and large, they still inappropriately and disproportionately harm civilians. For that reason, whether they are regarded as so-called smart, whether they have self-destruct features or whether they are self-guided, they are still munitions which can disperse submunitions
over large distances, and this is what makes them unacceptable in humanitarian terms.’

The government argued that there were already adequate measures in place for cluster munitions and argued that protocol V to the conventional weapons convention bound countries to particular actions. But, at the end of the day, all that protocol does is set out the obligations on countries that use cluster munitions to mark them, to clear them, to remove and destroy those that do not explode and to record, retain and transmit information about where they might be. As we know from the Lebanese conflict, that did not happen. It took some time for Israel to provide any sort of information to Lebanon about the location of the cluster munitions that were let off in Lebanon and, when some information finally came through, it was inadequate.

Protocol V of the conventional weapons convention is not adequate. Other arguments were made—that international humanitarian law guided behaviour with regard to submunitions. But, again, Dr Ben Saul said to the committee via his submission:

Humanitarian law does not expressly prohibit cluster munitions, which are subject to the ordinary rules on the means and methods of warfare. In some cases, the use of cluster munitions will comply with the principles of distinction, discrimination, proportionality and necessity; for example, where they are used against massed enemy formations in areas which are clearly distinguished from civilian populations and civilian objects.

... ... ...

While they are not inherently indiscriminate, cluster munitions may be unlawfully indiscriminate if they are used in contexts where they ‘cannot be directed at a specific military objective’ or where their ‘effects’ cannot be limited to military objectives as required—

—under the protocol. This whole area—

(Time expired)
side the process, to meet an expectation that
the legislation would go through this place,
which then was not met because something
more important came up. So all that rush
around the second tranche of the legislation
was unnecessary in many ways. We were
looking at something that has been going on
in the community for a very long time.

I am not going to go into the particular
technical aspects of the bill and I do not
think anyone has time to go into them be-
cause they are so complex. We have been
looking at effective child support legislation
in this country from the time the first round
of legislation was introduced under the
Hawke government. No-one pretended that
the legislation was going to be perfect. When
dealing with the issue of broken families,
there is no way that legislation can appropri-
ately respond to all the needs. However, from
the time that the first round of family support
legislation was brought forward, there was
concern in the community and in the various
departments—I think they have changed
names a bit since that time but I think the
expertise, the knowledge and the commit-
ment remain—that these processes were
complex, they would need to be looked at
very closely and they would need, most im-
portantly, to have the engagement of those
people who were affected by the legislation.
The only way that this process was going to
be improved was to have some hope of look-
ing at what was the key expectation of this
legislation from day one, which was the pro-
tection and wellbeing of children—no-one
argues with that; that has always been the
No. 1 priority—and the attempts to work
with this legislation have been based on that.

We know there have always been con-
cerns, and I do not think that there will ever
be legislation that will be able to respond
effectively to all the concerns. Given that, we
all shared the understanding that, from the
time that the House of Reps committee re-
port *Every picture tells a story* was pre-
sented, there would be a close look at the
existing legislation and a commitment from
all those involved that we would work to
improve it and that it was going to be a long-
term process. Certainly it has been long term,
and I think we all come together now to
make sure that we, as effectively as possible,
move forward. This third round of legislation
is supported by Labor, but we need to raise
our ongoing concerns at this time or we are
not doing our job.

From the time that the legislation came
through in response to *Every picture tells a
story* and in the supplementary approach, the
Parkinson inquiry, we were concerned about
who were going to be the winners and the
losers out of the changes. That would seem
to be an automatic response. When you
change an existing system, you should have
clear knowledge of how the current system
works, who is impacted by it, who would
benefit from it and what the impact of the
new legislation is going to be. We would
expect that in the drafting of the legislation
and a formal impact statement there would
be widespread community consultation.

The government and the departments in-
volved have continued to commit to this
community consultation. We were told
through the Parkinson process there were
clear understandings that, through these
long-term deliberations, whatever happened
into the future, there would be ongoing con-
sultation and engagement of the various
stakeholder groups. ‘Stakeholder’ is a term I
do not like, but it is the current term in legis-
lation so we will work with that. There was
an understanding that the stakeholders would
continue to have automatic and important
involvement in the process—not just the cur-
sory window-dressing of calling a few meet-
ings but absolute involvement in what was
going through.
There was no promise and, I believe, no understanding by anyone involved that that would mean that people would automatically agree. Indeed, in this particular area I feel that there is possibly no agreement except on the key issue that the children must be the most important element of where we go in the future. But, in terms of getting the various groups together, we have seen, even through the very truncated Senate committee process, that there are widespread and entrenched differences between people who have views on this process. So, although we were told in the second round of legislation discussions that the stakeholders committee would continue to meet and that they would have involvement in what happened next, we know that there has been only one meeting of the stakeholders group in the time between the second and third round. We hope that there will be more meetings. In fact, everybody said there were going to be more when we had the discussion at the Senate committee.

If the minister can assure me that there have been more and effective meetings, I am happy to hear that, but the evidence that we heard at the Senate committee was that there had not been extensive meetings of the stakeholders committee. What we need is transparency around what will happen in the future and to know that all the groups that have expressed their desire to be part of the process will have that opportunity. No-one can control whether or not they take that up or whether they feel that they can actually agree with other people sitting around the table, but the transparency must be that the stakeholders feel that they are part of the ongoing process.

In terms of where we go, questions that we asked in this place at the second stage of the reform of the legislation were around the effective modelling and review of the impact of this legislation on the people involved, when we saw that, at exactly the same time as the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007 was going to be implemented and impact on the community, in particular on single parents, the government were implementing their Welfare to Work changes. All the way through this process we consistently asked: who has looked at the combined impact of these two significant pieces of legislation on the people who are living the experience? That is not necessarily academic involvement in the process—although the involvement of effective, committed and well-trained academics must be valued and must continue—but the use of the life experiences of people who are now raising children alone, often as a result of broken family relationships. What is the combined impact of legislation coming at them from both sides?

Again, at the recent Senate committee hearing, it was confirmed to us that that degree of modelling has not happened; that degree of examination has not happened yet. There was goodwill and an understanding of a commitment from the government to do that. There was also urgency from people at the Australian Institute of Family Studies and FaCSIA as a whole that that must happen and that it would happen in the future. But, once again, we have very significant and complex legislation being brought down on a group in our community and there is a real element of ’trust us; let’s see what’s going to happen; let’s hope that it’s going to work’. We all hope that. What we must have at this stage in the whole process is at least some degree of trust from all those who are involved in the process that there is a willingness to move forward together and that there is an understanding that these issues will be considered.
I know that Senator Siewert has some particular issues around child care—who has responsibilities and the financial acknowledgement of that degree of care. Senator Siewert will raise that, so I will not touch on it. Labor, as I have said—and Senator Stephens will take this up—will support this legislation, but, once again, it is with some genuine concern about what happens next. This group in our community has suffered immensely. In evidence to the committee, we were led to believe that the kinds of figures that could be under consideration in this legislation on a fortnightly basis—for people who are single parents—are enormous for people on a fixed income. While people here can look at the loss of $60 or $70 a fortnight as something that can be budgeted around and that we can move forward effectively on, there are people who are currently living on a very tight budget. I know that people in the department looked very closely at the evidence that came forward in both committees. There was gut-wrenching evidence about the effectiveness of budgeting by families who know exactly where each dollar goes. So, when we are talking about legislation that is being introduced that will cut any of that income, there must be acknowledgement that there is pain and that we need to make sure that the whole environment in which these changes are made offers the best hope of support for the people involved, otherwise this legislation comes in by itself and those people will be lost in the transition.

Briefly, before Senator Siewert makes her contribution, I want to add something about the proposal in this legislation to make sure that all births are registered. This was raised in the committee. Many on the committee felt that there was an understanding that people had to have registered births before they were able to claim payment under the Centrelink system. It was enlightening to find out that that was not the case and that we needed to have this legislation in place so that we can be absolutely confident that we have effective statistics on the growth of our population and we can effectively use those statistics to plan for the future—in particular for putting the welfare of children most importantly at the forefront of any legislation that we deal with that comes under the heading of ‘families and community services’.

As a member of the Senate Standing Committee on Community Affairs I would like to put on record my concerns: ensuring that the people who are most engaged in this process, by living the experience, continue to be involved; acknowledging that they have genuine input to any change in this legislation; and acknowledging that there is not a political attempt to enhance disadvantage but a genuine attempt to maintain certainty, so that people know that they are able to effectively raise children in our community.

Senator SIEWERT (Western Australia) (4.37 pm)—The Australian Greens support the need for reform to the Child Support Scheme. The last time we debated the new scheme we indicated our support for it. However, we raised some concerns. The Greens are supportive overall of the intentions of the proposed changes in the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007. However, as we have said previously, we have several concerns about this bill in particular and also some ongoing concerns. Firstly, the Greens are concerned about the nature of the amendment to the baby bonus scheme, which I will go to shortly. Secondly, yet again I am raising the issue of principal carers, as I will ad infinitum until the government takes this on board. Thirdly, we are particularly concerned about the development of models to investigate the impact of the changes to the child support arrangements.
The Australian Greens recognise the potential temptation of misuse associated with the lump sum baby bonus payment which led to the proposed amendments in this bill. However, we believe that this issue extends to a wide range of expectant parents, not just to those under the age of 18. We believe that these provisions should apply to all recipients of the baby bonus, not just a subgroup chosen purely because of their age. This is why we recommended in our minority report on the Senate Standing Committee on Community Affairs inquiry that the provisions relating to periodic payment be extended to all recipients of the baby bonus and not be limited to mothers under the age of 18.

Let us consider for a moment the list of reasons that the government has given for dishing out the baby bonus in fortnightly payments to those under the age of 18. The list I am about to talk about is from the Family Assistance Office website. It came out on 11 January. It actually referred at that time to the changes to process that were made from 1 January 2007 to 1 July 2007 for young people under the age of 17 who applied for maternity payment and to the decision that it would be made in 13 fortnightly instalments.

The reasons that people who are under 17 who apply at the moment to receive fortnightly payments instead of one lump sum payment include inexperience in handling large sums of money; situations where an applicant may be subject to pressure to use the payment unwisely; a history of experience of domestic or family violence; a history of difficulties in managing finances; situations where an applicant may be vulnerable to exploitation; situations where applicants have gambling problems or substance addiction; situations where applicants are homeless or at risk of becoming homeless; situations where applicants previously had or currently have a child which is subject to child protection; and where applicants have intellectual disability or mental illness. It could be one or all of those reasons.

I ask you to consider this list of reasons. Consider how many of them apply exclusively or particularly to teenage parents and how many we might in fact expect to apply, as much or even more, to an older group of expectant parents. Let us look at inexperience in handling large sums of money. Yes, you would expect that younger people would be more likely to have less experience with large sums of money but by far not exclusively so. Many people over the age of 18 have great difficulty in managing large sums of money. Let us look at situations where applicants may be subject to pressure to use the payment unwisely. There is no reason to expect that a person over 18 may not be pressured to use the money unwisely. It is the same with a history of experience of domestic or family violence. Please, no-one try to tell me that domestic or family violence is restricted to those under the age of 18! Unfortunately, the statistics prove otherwise. It is the same with inexperience in handling large sums of money and a history of difficulties in managing finances. I expect that there are going to be a lot more people with a history of difficulties in managing finances in the over-18 age group. The arguments that are given as reasons that people under 18 should not receive a lump sum apply equally to those over 18.

Whether it is called a baby bonus or a maternity payment or an allowance and whether we are discussing child endowment or paid maternity leave, the tone of these debates, unfortunately, has changed little in nearly 100 years. From the introduction of the maternity allowance in 1912 to the royal commission on the child endowment scheme in 1929 and on to the series of ongoing debates concerning paid maternity leave, we have consistently seen governments questioning the ability of young women, particularly
young single mothers, to manage their finances. It is back to the future for the new paternalism. What was paternalistic in the 1920s is equally paternalistic now.

The government, we believe, has failed to make a convincing argument as to why these problems apply to young people but not to older people or to give a rationale for the cut-off age. If we are concerned that handing over large sums of money is a bad idea then we should apply the same reasoning to all. If this is an admission from the government that the baby bonus was not good policy as a lump sum payment for those under 18 years of age, we maintain that it is not good policy for those over 18 years of age. To achieve the objective of the baby bonus—or, as it used to be known, the maternity payment—it would be better to give fortnightly payments to all, not just to those under 18.

The Greens appreciate that there are some circumstances where a large lump sum payment may be appropriate for the one-off purchase of a large item relating to the needs of a new family. Perhaps it would be to help expectant parents to purchase baby furniture and equipment to set themselves up to care for the new child. If you think about it, it is highly likely that it will be the under-18-year-olds that will particularly need help to buy that sort of equipment. Therefore, while we support the intention of moving to periodic payments rather than one lump sum, we think there should be some discretion given to Centrelink to make part of the payment or all of it as a lump sum if the rationale is provided. To this end, the Greens minority report also recommends that the format of the periodic payments should be able to be varied where there is a strong case for a lump sum payment or on the recommendation of a qualified social worker. The Greens will be moving amendments to this effect in the committee stage of the bill.

I come now to the issue of principal carers. I have raised this issue in this place before. As I said, I promise I will keep raising it until this inequity is dealt with. The Australian Greens remain concerned about the potential impact of changes to child support on low-income households, particularly when they are considered in combination with the financial impacts of the changes introduced through Welfare to Work. I will raise some of those issues again shortly.

We raised our concerns first in our additional comments to the report on the child support legislation amendment. In fact, we raised them before that. We raised them again in the minority report on this legislation. We are seeing radical changes to the Family Law Act and to the child support act, and these changes are happening at the same time.

The previous changes to Welfare to Work introduced the concept of a principal carer. What has happened under the Family Law Act, as I have articulated before, is that it is now moving to the concept of equal shared care. We are moving to a model of fifty-fifty shared care as the preferred social model. On the other hand, for the purposes of income support, the government says that there is only one principal carer and that person is responsible for the care of the child. So far as Centrelink is concerned, if you have fifty-fifty shared care, it would essentially be a case of first in, best dressed. If you happen to be nominated as the parent with principal care of the child, you get the benefits under the Welfare to Work legislation. We now have a number of mothers coming forward who nominally have fifty-fifty shared care but are in reality shouldering an unequal part of the parental care burden because they have not been recognised as a shared carer or their shared care has not been recognised through the principal carer provisions of the Welfare to Work provisions. They are suffer-
ing and their children are suffering as a result of the inability of the government to make up its mind about which parental care model it advocates: either it is fifty-fifty through the family law process—the legislation for which has now gone through—or it is a matter of favouring one parent and giving that one parent control and giving the benefits of that; but you do not give any benefits to the other parent. If you have fifty-fifty shared care, you cannot possibly expect to choose one parent in the income support system, and not the other, to be the parent that gets the benefit. That leads to inequality in the child’s life.

The central focus needs to be the best care for our children and, also, what is best for the future of our nation. Surely the best would be for a child to grow up with a basic level of income support. This is not what is being provided through the current system of a principal carer. In evidence to the Senate Standing Committee on Community Affairs on this particular bill, the National Council of Single Mothers and their Children Inc again pointed out the inequity of the principal care process. Ms Taylor said:

On the one hand we have family law and child support law encouraging shared parenting and acknowledging where there is 35 per cent or more of care—between 35 to 65 per cent care is considered shared—but, on the other, on income support policy under social security law, only one parent can be given principal carer status leaving the other parent and the children exceptionally vulnerable.

They said in their submission:

This means that the half-time children in the household of the person who is not deemed under Social Security law to be the Principal Carer will not attract the protections available to Principal Carers in the income support system. The impact of this disjunction in definitions is most acute for young children whose parents are both dependent on income support and are thus likely to be highly disadvantaged.

This is not just a matter of income but also a matter of the additional benefits and entitlements such as concession cards and access to pharmaceutical benefits and child care.

The Greens believe that urgent reform is needed to address this disparity and inequity. This is an unfair system. That is why we have recommended in our minority report that the income support definition of ‘principal carer’ be aligned with the intent of the family law changes to reflect the concept of shared parenting such that, where parents sharing the care of children each receive income support and the difference in percentage responsibility is 12 per cent or less, both are deemed to be principal carers. It is not too hard to understand the inequity and to fix it. It is not rocket science.

I now move on to the financial impact of this legislation and its intersection with the Welfare to Work system. Senator Moore touched on this. The Greens are concerned that there is no publicly available modelling to estimate the impact of the new system on existing child support recipients and payers. While we are pleased that FaCSIA will be monitoring the impact of the changes following their implementation, we believe that modelling should occur before this implementation in order to assess potential impact. Monitoring after the fact means that many families may have already been adversely affected before we, the community, become aware of the extent of the problem. As there will inevitably be a sufficient time delay before the monitoring data will be available and can be acted upon, families with young children may be suffering for some time before measures can be put in place to rectify these adverse impacts. It is hard enough raising kids at the best of times. I do not know if there are many in this place who truly understand and readily appreciate the additional stress and suffering brought about by the severe financial pressures when you are try-
ing to care for a young family in extremely trying circumstances and on an extremely low income. We should never forget that single parents—and it is largely single mothers—are more often than not very highly overrepresented in the lower income areas. This is why we need to model what these impacts are before implementation. The Greens believe that modelling of the potential impact should be done immediately and that provisions should be put in place to protect low income families, who may lose income and be put under unconscionable financial stress as a result of these changes.

We acknowledge that these changes to child support are important and that the system needs fixing. We are deeply concerned about the unintended consequences for families that are already on low incomes. They may stretch their budgets beyond breaking point. Such protections are critical given the risk of poverty already confronted by many of these families. That is why the Greens recommended in our minority report that an appropriate system be developed to model and investigate the impact of the child support income changes when they are combined with the Welfare to Work changes. Both of these changes will potentially lower the income of some families. We know it will not be all of them, but some families are going to have their incomes lowered.

We need a system that is fair and equitable and that puts the welfare of our kids first. It makes no sense for the government to simultaneously advocate two radically different models of parental care. The contradictions between the notion of equal shared care in child support law and the notion that there is only one principal carer under welfare law must be resolved.

To decide arbitrarily that those under the age of 18 are not capable of handling a lump sum and list the reasons why this is so, which equally apply to those aged 18, is to me also inequitable. The Greens believe that a far better way of delivering, as it is changed in the law, what is now called the baby bonus would be to do so in periodic fortnightly payments.

We take the risk that these changes, particularly those brought by Welfare to Work, the child support changes and the family law changes, may adversely impact on some families and children who are already living in or very near poverty. We should be modelling and looking at these impacts now so that we do not wait until the crisis occurs before taking action.

As I have outlined, the Greens will be moving amendments to this legislation in the committee stage, both amending the principal carers provision and requiring the baby bonus payments to be made in periodic payments with the possibility of variation at the discretion of the secretary of the department.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Following a motion passed earlier this morning, which was that the business of the Senate be interrupted at approximately five o’clock today and tomorrow, but not so as to interrupt a senator from speaking, to enable Senators Boyce and Birmingham, respectively, to make their first speeches without any question before the chair. (Quorum formed)

Debate interrupted.

FIRST SPEECH

The ACTING DEPUTY PRESIDENT (Senator Watson)—Before I call Senator Boyce, I remind honourable senators that this is her first speech. I therefore ask that the usual courtesies be extended to her.
Senator BOYCE (Queensland) (4.56 pm)—It is 60 years since the first Queensland Liberal woman senator, my great predecessor the late Annabelle Rankin, made her first speech in this place. Senator Rankin, later Dame Annabelle, noted that she felt a blend of both pride and humility in rising to make that speech and I can do no better than to say, ‘I feel just the same.’

I feel immense pride in having been chosen by the preselectors of the Liberal Party in Queensland from a strong field of 10 contenders. I feel immense pride in having broken the woman drought for the Queensland Liberals. There have been only two other women senators chosen by our state party. I feel immense pride in having the opportunity to make this speech not just in front of my Senate colleagues but in front of so many of my friends, company colleagues and, especially, most of my family. And I feel humble for exactly the same reasons.

My two senatorial predecessors, Dame Annabelle and Kathy Martin Sullivan AO, have set a very high bar in terms of their abilities and their long and dedicated public service on behalf of the people of Queensland and of Australia. My constituents deserve nothing less than passionate, skilful and honest representation and I will be doing my utmost to provide this. I will be using all my background experience as a journalist, a sales and marketing manager, a family business woman, a company director, a disability advocate and as a mother, a sister, a daughter and a friend to assist me to represent those constituents.

I must note that, despite being the third Liberal woman senator from Queensland, I can claim one small first. I am the first mother chosen as a senator by the Queensland Liberals. I do not raise this to cause a fertility debate. I do not think that procreation or lack of it has any effect on an individual’s ability to contribute to sound decision making and policymaking. But any group will make superior decisions if its members bring a wide variety of experiences to the task. Better decisions, better policy debates will come when men and women from a wide range of ages and backgrounds are engaged in the process. If we want our national decision making to be as good as it can possibly be, we need to ask how we can make politics and being a politician more family friendly. As in virtually every aspect of life in the early 21st century, it continues to be more difficult for women than it is for men to reach the top in politics.

For the vast majority of women, choosing to have children will mean a trade-off in terms of career—a trade-off that is not a consideration for the majority of men. For the majority of women politicians, this means coming to politics young and childless or waiting until children are comparatively independent and running the risk of missing your chance. I know a number of good, capable younger mothers who have chosen not to pursue careers in politics because of the effect that those careers would have on their families.

Politics as we currently practise it at both state and federal levels is not a family-friendly career for women or for men, and the further your electorate is from the relevant capital city the less friendly it is. So we can either accept that, with a few notable exceptions, our women politicians must fit this mould or work on changing the mould. I would like to see a national discussion on ways that we can make politics more attractive to women and men at all stages of life. I certainly do not have the answers for this, but it seems interesting to me that the way in which we go about parliament basically has not changed in more than 100 years.
Politicians spend large slabs of their time away from the constituents they represent and in an environment very unlike that experienced by their constituents. I do not know what a more modern parliament might look like, but let us have a conversation as to how we might make governing more family friendly, given the communication options that we now have. Let us also look at how we might accommodate the growing demand amongst Australians for more flexible hours and for part-time work in that new model. According to a 2006 survey by the Institute of Chartered Accountants, 63 per cent of women considered flexible hours a priority and 36 per cent of men wanted variable work hours. Based on these figures, 63 per cent of women would never, ever consider becoming a politician. We are, in fact, looking at a politician pool for women of only 37 per cent of the population in the first place. Again, I do not know what a parliamentary system designed to give flexibility would look like, but let us start a conversation about improving diversity and improving functionality.

In her first speech, Dame Annabelle made an offer to the only other woman in this chamber—Labor Senator Tangney, later Dame Dorothy Tangney. She said:

There are things that transcend party politics, and Senator Tangney may be sure that in anything designed to help the women of Australia, or the children who are in their care, she can count upon my ready and sincere interest.

Happily, there are many more women senators now and many men who share an interest in so-called women’s issues; nevertheless, I would like to renew the offer to sincerely and seriously assess issues of importance to women raised by any senator.

In 1947, when Dame Annabelle made her first speech, Queensland had a population of 1.1 million people. Today it is almost quadruple that. I grew up in a Brisbane not that different from that of Dame Annabelle—a frangipani-scented country town that David Malouf evoked so well in his early books. That Brisbane had murderously neat and treeless yards, except for the obligatory banana and pawpaw trees down the back, near the outhouse—an earth closet with a pan collected weekly by the sanitary man.

In the early sixties, our family company began making and delivering septic tanks into many of those Brisbane backyards—a technical first for Queensland. And so began my lifelong association with water, wastewater, its disposal and re-use. People with family businesses will understand why I am amused when I am asked how long I have worked in our family company. The company is over 80 years old. My grandfather, my uncle, my father and my brother worked for the company. At times, my mother, my cousins, my son and one of my daughters worked for the company. I can date the times that I was on the payroll, but I cannot remember a time when I was not involved in the family company. Even when I lived and worked overseas and interstate, I maintained a strong interest in and a sense of belonging to that company.

My parents, Beryl and Selwyn Davis, whom I am delighted to have here today, are practical, unassuming and fiercely individualistic people. They grew up in the Depression and with the rationing of World War II. They abhorred waste and ostentation and, despite their success and our company’s success, they still do. I can remember my mother bringing me back to reality when she felt that I was being an uppity teenager with: ‘Just you remember, my girl, your bread and butter is in septic tanks.’ It worked very well.

From my father, I also learnt an abhorrence of unnecessary government regulation and red tape. Like most business owners everywhere, he is convinced that the role of government is to support business and to
interfere as little as possible in the practice of running companies. He had no trouble working 16 hours or more a day on his business and he had no problems in meeting necessary tax and regulatory requirements, but he resented every second and every cent spent on agonisingly slow approvals and seemingly unproductive form filling and box ticking from any level of government. Like me, he is delighted by our government’s establishment of the Office of Best Practice Regulation within the Productivity Commission and the ongoing program to subject legislation to regulatory impact analysis. Like most business owners, he believes that red tape reduction cannot happen fast enough, and I will be doing my best to assist in ensuring that legislative initiatives in this area benefit from practical, experienced assessment.

The greatest gift my parents gave me was the ability to think, discuss and dream anything I chose. My childhood memory of family meals, particularly in the evenings, is of one long debate on current issues, on politics, on religion, on culture and on other contemporary values and morals. All this practice debate had two very positive outcomes. Provided I was prepared to back it up with rational argument, I could test any proposition I liked for its validity. I believe that it also turned childhood development into a two-way street—parents help children to shape their adult values and, in turn, the parents’ own values are reshaped by the child’s propositions.

My own values and ideas continue to be shaped by my children Bede, Gina and Joanna, whom I am honoured to have here today, along with Bede’s partner, Briony. Thank you, Bede, for keeping me thinking outside the square. Thank you, Gina, for continuing to set an example of true caring for others and of the benefits of being properly organised. And thank you, Jo, for teaching me that, if I do not succeed the first time, I should just try again and then maybe again.

Joanna has Down syndrome, and since she was born 23 years ago I have been involved in the disability community—or should I say ‘communities’, because there are a number of strands of thinking about disability. I am not of the ‘disability as a burden’ strand, and I hope that in my time here I can gradually articulate the way that I believe most of the people with a disability that I know, and their families, would like to be viewed and treated.

For me, and for many in the disability sector, the biggest burden is the attitude of others in the community towards disability. Can I just say here that people do not ‘suffer’ from Down syndrome; they ‘have’ Down syndrome. It is not a disease; there is no pain or chronic ill health. So people have Down syndrome; they do not suffer from it.

People with a disability do not want sympathy, but they do need support. People with a disability do not want to live together just because they have a disability, but they do want secure homes. People with a disability do not want to play ‘tourist’ or ‘visitor’ in their local communities, moving around and recreating in large congregated groups as though they all share exactly the same interests. But they do want to be part of their local community, to be genuinely included.

Parents of people with a disability do not want to feel that they should have to be suitably grateful because their child was ‘allowed’ to attend the local school or playgroup, or given access to local recreation, but those parents do want the same rights for their child to use local facilities. On the door of my office I have a quote from a Norwegian disability campaigner which, for me, aptly sums up the current social dichotomy. The quote says:
When a child goes to a special school, it is not because the child has an intellectual impairment, but because the (local) community school does not welcome children with an intellectual impairment.

When a man in a wheelchair cannot enter the bus, it is not because he uses a wheelchair, but because the bus is inaccessible.

In other words, the handicaps of disability are created by society’s attitudes. The Film Finance Corporation’s decision, announced by the minister today, making captioning mandatory on all federally funded films is a great example of the standards that must be embedded in a properly inclusive society. Young Australians with a disability want exactly what virtually every other Australian wants and expects: a society that enables individuals to use their unique capacities to freely choose the shape of their own lives.

In general, people with a disability and their families will require support to achieve this, and the types of support required will be as individual as each family and each disabled person. There is an awful temptation at government level to believe that support is most efficiently provided by funding large, professionally managed organisations. In the past, this has led to one-size-fits-all programs where large amounts of money were spent on services that never quite suited the needs of those ‘lucky’ enough to have any support at all.

I applaud recent moves, certainly at federal level, away from looking at the needs of service organisations and towards putting the individual with a disability and their families at the centre of our thinking about support and support services. But as a parliament we must continue to be vigilant. Anytime we allow people with a disability to be treated as ‘special people’ who should live or learn or work or spend their leisure time in ‘special places’ doing ‘special activities’, no matter how enticing, safe and efficient that program sounds, we are shutting people with a disability out of the mainstream. And that makes vulnerable people more vulnerable to abuse and exploitation.

In general, we have closed down the large institutions. We must always remember why and never look to re-open them or to replace large institutions with small institutions. People with disabilities belong in the community. If that requires a degree of government and community effort, so be it. Even if it makes some of us in the community uncomfortable, we are the ones who need to change.

My special interests—business, in particular, manufacturing, disability, and equality of opportunity for women—have been shaped by my life experiences, and they are not as disparate as they might at first appear. For a start, people with a disability and their families are just as averse to unproductive form filling and box ticking as anyone in the business community. FaCSIA’s red tape reduction program in 2006 was much welcomed by the disability community, and I have encouraged individuals, families and service providers to keep bringing forward to us questionable examples of forms and boxes that need ticking. As well, most business owners, people with a disability and women want lean government that minimises interference in our daily lives. They want government that maximises individual initiative. They want government that nurtures and encourages its citizens through incentive rather than putting limits on people. They want equality of opportunity for all Australians.

And, yes, all these beliefs and quotes about the role of government are direct quotes from ‘Our Beliefs’ on the website of the Liberal Party of Australia. For me, the Liberal Party is the natural philosophical home for all those who believe government should establish a functional, supportive op-
erating environment, and then get out of the way and let individuals shape their own lives. I believe in the Liberal Party and its philosophies and I do feel very proud and humble that the party has shown a belief in me and my abilities.

Finally, I am honoured to have the federal president of the Liberal Party, Chris McDi- ven, and a number of Queensland and other party members in the gallery today. I would especially like to thank members of the Liberal Women’s Council in Queensland and of other women’s councils who are here. Without their friendship, wisdom, encouragement, support and example I would not be here today. I hope that, in turn, my election and my ongoing support can help our Queens- sland council to grow even larger and stronger and to establish a ready supply of future women candidates from a marvellous array of backgrounds. In short, in every as- pect of my representation, I will be trying to work fairly and firmly to improve diversity, transparency and accountability.

Honourable senators—Hear, hear!

FAMILIES, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS LEGISLATION AMENDMENT (CHILD SUPPORT REFORM CONSOLIDATION AND OTHER MEASURES) BILL 2007

Second Reading

Debate resumed.

Senator McEWEN (South Australia) (5.16 pm)—I would like to address a few comments to this important bill, the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007, which is the third instalment in a range of child support legislation reform that the Senate has been required to consider over the last year. Although Labor has been critical of some aspects of the child support reform, we have supported the previous two packages of reforms and we will also support this one.

Labor’s main concern is the effect of these laws on low-income families. We do not want to see reforms which disadvantage families who need more support to be able to fully participate in the community. We are, of course, most concerned about the welfare of children, whose futures are intrinsically linked to the economic circumstances of their upbringing. While our concerns have been brought to the attention of the govern- ment on numerous occasions, we have not been satisfied with the response of govern- ment, and Labor will continue to monitor the outcomes of this legislation and other legis- lation relating to child support.

Labor has long had an interest in the wel- fare of children from all types of families. It was, after all, the Whitlam government that introduced the single supporting mothers’ parent pension in 1973, in recognition of the fact that women who were divorced or sepa- rated were, in the main, left responsible for the care of children, and often without any security of income. The basis of the current child support scheme was originally drafted by the Hawke Labor government in 1988 and was a model for child support schemes later introduced into other comparable countries. The principle of child support legislation is that after divorce or separation both parents should continue to financially support their children if they are able to do so. It is a prin- ciple that seems obvious to us today, but that has not always been the case. While the prin- ciple of the legislation must be upheld, we also acknowledge that reforms need to be made to the legislation which is, after all, now almost 20 years old, and many things to do with families have changed in those two decades.

One thing that has not changed is that is- sues of child support are always contentious.
That is evidenced by the fact that all senators and members are continually in receipt of submissions from those families which are either paying family support or are in receipt of child support and who are aggrieved by the system that is in place. Indeed, the Australian Institute of Family Studies found that more than 60 per cent of non-resident fathers and 45 per cent of resident mothers think the current system is not working. Those are disturbing figures, and it is obvious that more reform is needed, although it is unrealistic to think that in such a contentious area we could ever get a system that would satisfy everybody. That said, this reform should not be at the expense of the poorest and most vulnerable people in Australia. Custodial parents and their children are amongst the poorest groups in the community and in Australia there are 1.1 million children in whose name child support is paid. We must ensure that any changes to their circumstances are for the better and do not make life even harder for those already doing it tough.

Getting to the legislative stage of these reforms has been a very lengthy process. When the House of Representatives Standing Committee on Family and Community Affairs tabled its report Every picture tells a story in 2003, it made 29 recommendations. One of those recommendations was the establishment of the ministerial task force to evaluate the child support scheme. That task force on child support undertook comprehensive research and analysis of the child support arrangements in Australia, as well as collecting statistical information on the cost of raising children. The report of the task force, known as the Parkinson report, made several recommendations, many of which were enacted in the two reform bills previously passed.

The implementation of a new child support scheme, including a new payment formula, was a result of one such recommendation. Those reforms were supported by Labor, but they were not entirely satisfactory to us. Our concerns were raised with the government then and we raise them again now, as we have not been provided with an adequate response. Research has not been conducted by the government into the effect of the new formula on families. Labor’s constant request for information led to the creation of a stakeholder reference group but this group unfortunately has been found to be ineffective and has met, as I understand it, only once. The group and, more importantly, the government, have failed to respond to the serious and pressing concerns of people involved in the issues of child support.

The new child support formula is having an impact on the lives of Australian families, so we need to know whether the formula has been a success or not. If not, we need to change the formula to advantage families and not further disadvantage them. If the government does undertake the research, the changes will of course need to be examined hand in hand with the new Welfare to Work changes because under that legislation some parents will now suffer income reduction as they move from parenting payment onto Newstart allowance. That, along with the child support changes, could dangerously affect the future of children already living in precarious economic circumstances.

While Labor is closely monitoring the impact of the child support legislation and Welfare to Work on families, we ask the government to lift its game on these matters. These children need to be a top priority of the government and their best interests must remain our focus throughout these discussions and reforms. I understand that many groups involved in these issues believe that their rights are paramount in this issue, but it must always be the rights of children and their welfare that are paramount.
As previously indicated, our chief concern is the effect that the new payment formula has on low-income families. The National Council of Single Mothers and their Children, or NCSMC, made a submission to the recent Senate inquiry conducted by the community affairs committee into this bill. That submission echoes some of Labor’s concerns. I would like to thank the NCSMC—a fine Adelaide based organisation with wonderful people who do a lot of good work to support single parents and their families—for their work. In their submission, the council reported that the:

... formula changes will create increased poverty for children aged 0-12 of separated parents in the households where they spend most of their time.

The council also found:
The “credit for care” discount of 24% applicable to non-resident parents who have contact between 14-34% will also result in increased poverty for children aged 0 - 17 in the households where they primarily reside.

Labor agree without hesitation that non-custodial parents should be encouraged to spend time with their children, and we acknowledge that those parents also face financial difficulties. I understand that this is a very complicated area and one that is difficult to get right, as Senator Moore was saying earlier on in her comments on this matter. However, Labor also believe that more effort needs to be made in getting it right, because every time we get it wrong we are further disadvantaging the children we should be trying to assist.

The current formula provides for payments to decrease at a time when, as any family will tell you, the prices of providing the most basic care and support for children are increasing. Today I noticed, for example, that petrol is being sold in Adelaide for $1.31 a litre and in regional South Australia for up to $1.41 a litre. Petrol is of course essential for most families to be able to conduct some semblance of a normal life and to contribute meaningfully in the community.

Late last year I participated in Labor’s Family Watch Task Force, which entailed surveying families in all states and territories in Australia. Consistently the price of basics such as food, petrol and child care, and school and medical expenses were mentioned by parents as something they were increasingly concerned about and often having to adjust the family budget to accommodate. For many families, particularly single parent families, that meant curtailing social and sporting activities, including school excursions, which was a disturbing result for the task force to find.

Labor does not want a system where parents and children are being left with less than they began with. This is particularly the case when looking at low-income households. Ironically, the people who most need our support are receiving the least, according to the studies of the NCSMC. Studies have also been conducted by NATSEM at the request of the ministerial task force. The studies of the NCSMC, a very well regarded research organisation, show that under the new payment system resident parents on annual incomes of $26,000 or less will incur the biggest reduction in child support payments—that is, families with the lowest incomes are going to find themselves with even less money.

According to the NATSEM studies, that formula will make the poor poorer. It is important to realise that that will not be the case for just a handful of families; according to the Child Support Agency, 75 per cent of families receiving child support are on incomes under that amount per year. It is those people that are being hit hardest by the new formula, which of course begs the question: who is the new system really benefiting? Hopefully we will find that out through gov-
ernment research into the true impact of these laws.

I would like to add a few comments on sections of the bill which Labor can more confidently support. It is an unfortunate fact that many people for too long have used any means possible to avoid paying appropriate child support. Many people in the system who should be paying more have been paying the bare minimum of just $5 a week—barely enough, I would think, to buy a kilogram of tomatoes or a jar of pasta sauce. There has also been notorious difficulty in getting people to pay on time. Recent reforms have led to a crackdown on those parents who do not make their payments, particularly by the Australian Taxation Office. I understand over 35,000 parents who have not filed their tax returns to avoid paying child support have been required to make good on an outstanding $13 million in payments. The Child Support Agency and the tax office should be commended for their job in pursuing that money that is due to our nation’s children.

Another section of the legislation which is encouraging to see is the extension of the Child Support Agency’s ability to collect payments. With more persons now earning their income from independent contractor arrangements, it is important to be able to recover child support payments from those individuals. Currently ongoing child support cannot be collected from parents who earn their income under those arrangements, and that means a lot of children are missing out. The legislation before us will change that so that the CSA can issue notices requiring payments to be deducted from the independent contractor parent’s income and that the payments be forwarded to the agencies. Hopefully that arrangement will mean more children are provided with the child support that they need.

I also note that in the second round of reforms those receiving or paying child support were given access to an independent review of Child Support Agency decisions through the Social Security Appeals Tribunal. That has been a useful thing that my office has been able to assist parents to access—parents who would otherwise have faced significant legal bills trying to challenge decisions of the Child Support Agency.

An amendment that Labor proposed and now supports is the change to the payment of the baby bonus to mothers under 18 years of age. Since the introduction of the so-called baby bonus, a number of concerning stories have come to light—for example, of young women who have given birth to a child for the sole purpose of securing the lump sum. I do not think that that is an approach taken by many young women, but it is disturbing to think that anyone should be living in such circumstances that they would contemplate having a child to gain a cash bonus. It has also been reported by domestic violence services that levels of abuse of young mothers rises about six weeks after birth, coinciding with the baby bonus payment, and there are young women with infants who are handing over payments to abusive partners just to get rid of the partner. This is, after all, a payment designed to assist parents in the first few months of parenthood and not to cause additional problems.

So, clearly, the baby bonus has had some undesirable effects in some circumstances. Although those cases are indeed a minority, they are enough to cause concern. Hence, Labor supports these amendments. I am happy to see, then, that the government will be paying the bonus in instalments to all parents under 18. I acknowledge that there are many loving and responsible young parents out there who will be frustrated by this change. But without it we would be leaving many young women, in particular, in a vul-
nerable situation. And I hope that cases like those I have mentioned will be stopped from occurring in the future through this change.

This is a good time to reflect on why the baby bonus was put in place, whether it is necessary and whether there are any alternatives. The payment was introduced by the government with some thought to increasing the birthrate in Australia. But I would suggest we have to question whether—given the problems the nation is going to face with environmental sustainability and adequate resources such as water—encouraging fertility is the way to go. We also have to acknowledge that the concept of women as baby factories has substantially changed, I hope, and we should not be doing anything to send us backwards to those days.

Australia’s fertility rate has dropped since the early 1900s but we are living in, as I said before, completely different times and it is unlikely that we will go back to having three or four children per woman, as we were in the first decade of the 20th century. Nevertheless, Australia’s fertility rate between 1994 and 2004 has been relatively stable at between 1.73 and 1.85 births. And, even if it were the decision of the nation to increase the fertility rate, it is unlikely that a payment of $5,000 would make much difference when women work and want to work and, increasingly, have to work to support their families. So, while the baby bonus is a useful contribution to the early costs of child-rearing, real assistance to families means much more than a one-off payment.

It is not surprising to note that countries with high birthrates provide a high level of support for families. Australia lags behind comparable countries in the provision of paid parental leave, and it is one of the great failures of this government that it has done nothing to redress that situation. In Canada, mothers receive 50 weeks paid leave, 35 of which can be taken by the mother or the other parent. And in the United Kingdom—again, a comparable country—mothers receive 39 weeks paid leave from their job. Those countries and others also provide quality, accessible, affordable child care—another area in which the Howard government has an appalling record. If the government were serious about increasing our birthrate, it would address these initiatives and endeavour to provide real, ongoing and practical support to families and especially women.

However, we should not expect too much of this government, which is more interested in blowing billions of dollars on advertising its despised workplace relations laws than it is in assisting families, and we should not expect too much of a government that thinks it is okay to spend hundreds of thousands of dollars on a jewelled coach for the Queen or on a bigger dining table for the Prime Minister. I had to wonder when I was doing the research for this speech how many of the children and parents affected by this legislation could contemplate spending $8,000 for a few drinks and nibbles with the Prime Minister at Kirribilli. So, while Labor supports the legislation could contemplate spending $8,000 for a few drinks and nibbles with the Prime Minister at Kirribilli. So, while Labor supports the legislation, we deplore the government’s outrageous, out-of-control and reckless spending when the nation’s poorest children and their families are wondering how they are going to pay for the petrol to get to work or school tomorrow.

**Senator SCULLION** (Northern Territory—Minister for Community Services) (5.34 pm)—Following on from the government’s major 2006 legislation implementing the recommendations of the Ministerial Taskforce on Child Support chaired by Professor Patrick Parkinson, this follow-up bill—the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007—consolidates the
changes and makes a variety of other minor amendments to Families, Community Services and Indigenous Affairs portfolio legislation. Most of the consolidation amendments provide administrative and implementation details of the new policies passed by the parliament. Various consequential amendments and minor refinements are needed for the implementation of the new child support formula on 1 July 2008.

With the benefit of a few months’ experience of operation, some of the processes relating to review of child support decisions by the Social Security Appeals Tribunal are being clarified, and the changed arrangements with the courts refined. Child support agreements between parents are being better supported and strengthened, and their interaction with family tax benefit clarified. Technical details, such as how the two child support acts interact, are being addressed, and consequential amendments are being made to taxation legislation.

The new child support formula is being modified in one significant aspect. The task force’s finding of differing costs for children at different ages is being better reflected in situations in which the children are in different houses. In late 2004, the Child Support Legislation Amendment Bill was introduced, containing child support proposals unrelated to the task force reforms. This bill relocates many amendments from the 2004 bill which will now no longer be needed. With appropriate adjustments to reflect the changes made as a result of the task force’s reforms, most of these proposals can now proceed.

The 2004 bill dealt with Australia’s international obligations to certain other countries in assessing and enforcing child support liabilities across jurisdictions. The bill moves the measures from their current location in regulations into the primary child support legislation in satisfaction of an undertaking to do so given when they were enacted. However, after some years of experience with their operation, the opportunity is also taken to refine some of the aspects of the provisions.

The 2004 bill measures also include several amendments applying where one of the parties to a child support case wishes to seek review of any decision about whether one of the parties is a parent of the child. To improve equity in access to court between the two parties, some minor streamlining refinements are also being made to the internal review system for child support decisions generally.

The last of the 2004 bill measures are of a minor policy or technical nature and are generally to address anomalies in the current system or improve aspects of child support administration. For example, in many cases a parent unhappy with a child support decision will seek review of the decision. In circumstances in which the decision will not be changed—for example, because the decision has already been reviewed—the objection will no longer be required to be served on the other parent.

This bill also includes several family assistance amendments, some of them associated with the child support reforms. For example, refinements are made to certain elements of the formula used to work out the notional amount of maintenance income that an individual is taken to have received under a child support agreement or court order where there is an underpayment of child support registered for collection by the Child Support Agency. It is also being clarified that maintenance income received by a payee for one or more children would reduce the payee’s amount of family tax benefit part A above the base rate for those children only. The maintenance income tax provisions for family tax benefit are also being refined.
This is partly to reflect the new treatment under the child support reforms of child support agreements and lump sum child support.

Amendments consequential to the child support reforms are also being consolidated in relation to various social security and veterans entitlements payments. In particular, remote area allowance is being extended so that parents with regular care of a child—that is, care of between 14 and 35 per cent—continue to receive the allowance after the 1 July 2008 changes to family tax benefit.

Unrelated amendments to the baby bonus provisions will formally rename the payment as the ‘baby bonus’ rather than the ‘maternity payment’, in line with most people’s understanding. Under-18-year-old claimants will be paid the baby bonus in 13 instalments rather than in a lump sum, and registration of birth as a condition of eligibility for the baby bonus will be introduced.

Under this bill, the usual 13-week period for full payment of family tax benefit while temporarily outside Australia will be extended for members of the Australian Defence Force and certain Australian Federal Police personnel of the International Deployment Group who are deployed overseas as part of their duties and, as a result, remain overseas for longer than 13 weeks.

Recent disasters such as Cyclone Larry have shown that the rebuilding efforts of a disaster affected community are stretched and a year is not long enough to allow complete recovery. The bill will extend the current 12-month principal home temporary absence rules for absences of up to 24 months for people who have suffered loss or damage to their homes due to a disaster. The bill will also assist people who cannot purchase or build a new home within 12 months due to factors beyond their control by extending the asset test exemption of principal home sale proceeds from 12 months to up to 24 months.

The bill will make minor refinements to the operation of the income stream provisions of the social security and veterans’ means tests. Lastly, the claim rules for the new Australian government disaster recovery payment are being adjusted so they work correctly for non-resident citizens.

I will just add a point of clarification. Both Senator Moore and Senator Ursula Stephens provided commentary earlier today in regard to the National Stakeholder Engagement Group. Just for the record, the child support National Stakeholder Engagement Group has met twice this year, not once. The first meeting in 2007 was on 2 March 2007, with the second on 6 June 2007. I understand that a further two meetings are scheduled for August and September 2007.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator SIEWERT (Western Australia) (5.42 pm)—by leave—I move Greens amendments (1), (3) and (4) on sheet 5251 together:

(1) Schedule 6, page 134 (line 3), omit “to those under 18”, substitute “by instalments”.

(3) Schedule 6, item 3, page 134 (line 16), omit “for those under 18”.

(4) Schedule 6, item 3, page 134 (lines 17 to 27), omit subsection 47(3), substitute:

(3) If the claimant is entitled to be paid baby bonus in respect of a child, the Secretary must, after each of the first 13 instalment periods that end after the determination granting the claim is made, pay to the claimant $1/13 of the amount of baby bonus that the claimant is entitled to be paid. The Secretary
must pay it a such time as the Secretary considers appropriate and to the credit of a bank account nominated and maintained by the claimant.

We also oppose schedule 6 in the following terms:

(2) Schedule 6, item 2, page 134 (lines 9 to 13), TO BE OPPOSED.

In my speech on the second reading debate in this place not long ago, I outlined the Greens’ concerns about requiring periodic payments to be limited to those under 18. The Greens believe that periodic payments should be for all recipients of the baby bonus. We believe that the reasons articulated by the government on the Family Assistance Office website—although the payment was described on the website as the ‘maternity payment for teenagers’—could equally apply, in nearly all cases, to those over 18. I am aware of examples where lump sum payments have been made to those over 18 who have probably made questionable purchases with those as well, similar to the way in which—as some people have been questioning—those under 18 have made some questionable purchases with their lump sum payments. The Greens believe that periodic payments should be extended to all recipients of the baby bonus.

I would like to ask the minister whether the department is aware of whether the list of circumstances articulated on the website has led to some problems with those over 18 with lump sum payments of the baby bonus. Those circumstances are: inexperience in handling large sums of money, situations where they may be pressured to use the payment unwisely, situations where they may be experiencing domestic or family violence, a history of difficulties with managing finances, gambling problems, substance addiction, homelessness, intellectual disability, or mental illness.

Senator SCULLION (Northern Territory—Minister for Community Services) (5.44 pm)—I note with interest Senator Siewert’s amendments. The fundamental difference between the government’s position and Senator Siewert’s position is that we believe providing a lump sum is, in all circumstances where it is not going to provide a disincentive, the very best way to go for somebody who requires, on the birth of their child, a number of materials. For them there is obviously a bonus and a benefit from having a lump sum rather than periodic payments. We have ensured that we will maintain that position except in circumstances where we believe that the recipient of the lump sum may be vulnerable. We have the capacity to assess the nature of that vulnerability through counselling processes and through a demographic assessment. Whilst some people within a demographic may well have the capacity to be able to receive a lump sum, it has been reasonably decided that it is in the best interests of people under 18 years of age, because of their inexperience—generally speaking, for someone under 18 years of age it would be the first time they had received a lump sum of money of this nature—to provide that in 13 payments.

As part of the principle that the lump sum is the very best way to provide the benefit, Senator Siewert, we would continue to support the notion that the lump sum should be provided except in circumstances where we believe people are vulnerable. I understood from the Greens amendments and from your second reading speech that your notion is that we would provide it in instalments unless we could demonstrate through some counselling process that it was safe to provide it in a lump sum. I take your point, Senator, but I hope you understand that is clearly the intent of government to provide the very best benefit we can. We think the circumstances are such that the very best
benefit, which is a lump sum payment, will be paid unless vulnerable sectors and individuals are identified through the demographic assessment or through our counseling process. That is why we have decided to pursue the route that we have.

**Senator SIEWERT** (Western Australia) (5.47 pm)—What happens therefore when those under 18 require a lump sum payment for the very reasons you have just articulated? What will occur when those under 18 are required to buy, for example, baby furniture, or when they have the other expenses which you believe those over 18 face?

**Senator SCULLION** (Northern Territory—Minister for Community Services) (5.48 pm)—It is clear: we believe that all those individuals under 18 are vulnerable. We do not have a mechanism to say, ‘You are under 18 but you can somehow demonstrate non-vulnerability.’ It is perhaps useful to look at what they would be provided at that stage. From 1 July 2007, the maximum fortnightly rate of government transfers available to an under-18-year-old single parent with one child under five will be $525.10. That is the parenting payment for a single person. The family tax benefit part A is $145.46, the family tax benefit part B is $125.02 and the first of the 13 instalments of the baby bonus is $317.92. This makes a total of $1,113.50. Even with the $317.92 as an addition, because there is a substantial amount there we believe this is still a reasonable provision of the baby bonus.

**Senator STEPHENS** (New South Wales—Parliamentary Secretary to the Leader of the Opposition) (5.49 pm)—Labor do not intend to support Senator Siewert’s amendments. I will speak briefly about our concerns in relation to her amendments so that Senator Siewert understands them. Labor certainly support paying the baby bonus by instalments for mothers under the age of 18 because we do have serious concerns regarding the particular vulnerability of young mothers. Our position on this issue has been informed by some of the professional experience of respected youth workers such as Father Chris Riley of Youth off the Streets. That program in particular has raised very serious concerns about the extent to which the lump sum payment can cause—and I am using his words, not ours—‘children to have children’. The provision of support for young babies is being increased, and we believe that providing staged payments for young mothers under 18 is good public policy which protects the interests of both mothers and their babies and which allows mothers to adjust to parenthood. The minister has just indicated the way in which the staged payments play out in terms of the support benefits that mothers will receive, and we believe that that is an equitable way to approach it.

**Senator STOTT DESPOJA** (South Australia) (5.51 pm)—On behalf of the Australian Democrats I indicate that we support the amendments. We are actually in the process of circulating the same amendment but we have put a hold on that because it makes more sense to support the ones before the chair in the name of Senator Siewert. We initially circulated a backup amendment because of our concern at the discriminatory provision that we are currently debating. That is the notion that those below the age of 18 should be given payments by instalment and therefore that those young women, in this case teenage women, are mature enough to have a child—and I am sure there would be some people who would debate that notion—but are not mature enough to handle money in a lump sum. To me that is a concern.

My preference, and my party’s preference, is that, if the instalment argument is to carry weight—and I think it does have some validity—it should be applied across the board.
Why not provide payments on a fortnightly basis for all those women who as mothers are eligible for the payment? The Democrats are on record almost a squillion times—if someone wants to define a squillion!—in this place extolling the virtues of a national paid maternity leave scheme provided by government, not as an impost on business. We had concerns about the initial baby bonus and then its replacement, the maternity payment, which is now back to being the baby bonus but obviously as a somewhat different scheme that is certainly more supportable than the original baby bonus. This scheme, however, has its flaws. We know that. It does not necessarily provide a payment that enables working women in particular to be compensated for time out of the workforce—a time out that is a biological imperative given the fact that women are responsible for giving birth to children. That is the reason for our strong support for maternity leave as a priority and parental leave as something that is equally important to provide, but we also recognise that there is a biological difference involved.

We had the maternity payment, the new baby bonus, and now this debate before us relates to the instalment payment process. It is one that we think would have merit if it were applied across the board. That way it would solve some of the concerns that people have in relation to younger mothers. It would also deal with what newspaper articles have talked about of women of all ages going out and recklessly spending on whitegoods as a consequence of receiving a lump sum payment. And, no, I did not feel the need to go out and buy whitegoods or anything else with the maternity payment; I actually did not claim it. The issue of women’s access to this payment is important if we are going to acknowledge the role of mothers in our society to support this so-called fertility boom, whether there is one or not, over the years. We have to acknowledge that women should receive some support and that it should come from government in some form. It should be equal. That is, it should not advantage high-income earners over others. It should be systematic so that women who take time out of the workforce are compensated just as women who choose to stay home—and it is all about choice, or at least it should be—should receive some level of support as well.

In terms of this age discrimination with which we are confronted today—and I understand that the government is talking about this from the perspective of being concerned about vulnerability—I cannot help, Chair, but to say through you to Senator Scullion that we have to be very careful where the slippery slope of paternalism comes into this debate. I know some women who might be considered older mothers who would not necessarily treat a lump sum in a way that some may deem sensible, just as I know teenage mothers who would deal with a lump sum with integrity and the financial cleverness that some of us may not always be capable of.

The Democrats will be supporting the amendments. We are not circulating one of our amendments and we have withdrawn the other one, which, I say to Senator Siewert through the chair, I think would have been a backup amendment that would not necessarily achieve the same outcome that you and I and our parties would like to achieve. I have also spoken to people in the sector, people of all ages and various sector groups in relation to this issue and the consensus seems to be that if you want to resolve some of the issues that people are aware of then you do it with instalments for all. I might also put on record that, whilst I am conscious that there is a debate about the fertility boom and increases in pregnancy in Australia, particularly among certain groups of women, we need to re-
member that there has been a slight decline in the rate of pregnancies for 18-year-old women. Obviously the figures that we deal with tend to be from 2005 or 2006, if we are lucky. I think we are still waiting on some of the 2006 figures. Certainly it is worth noting that, from 1980 to 2005, bearing in mind that the baby bonus was introduced before 2005, there was a decline in the rate of pregnancies for 15-year-olds to 19-year-olds. I know that there are elements of that argument that are up for debate, but certainly there is a decrease for 18-year-olds.

Although the minister uses terms such as ‘disincentive’—and forgive me if I misrepresent the minister because I was running down the stairs as I was listening to him—I do not believe that this payment is necessarily an incentive to have a child. Of course, there will always be exceptions to the rule, but we should remember the headline we all read when the maternity payment lump sum was introduced. Again, I want to make it clear that it was not just about so-called teenage mothers; it was about all mothers and all families going out and buying, namely, white goods. I think that we have to move on from some of those superficial, simplistic headlines and look at some of the facts and figures. Yes, we should consult with some of the people in the sector but, if we are going to make this fair, it should apply to everyone. I cannot cope with the notion that some women are old enough to have kids but are not old enough to have a lump sum. That just does not make sense to me and that is why I will be opposing the government’s measure and supporting the amendment that Senator Siewert was, unfortunately, a little faster than I was in circulating.

The CHAIRMAN—Just so I can get it clear in my own mind, I presume the draft that you are referring to that is being withdrawn is the amendment on sheet 5246?

Senator Stott Despoja—Is that the one in Senator Bartlett’s name or my name?

The CHAIRMAN—It is the one in Senator Bartlett’s name.

Senator Stott Despoja—I can confirm that that has definitely been withdrawn.

The CHAIRMAN—By the way, Senator Siewert, item (2) will be put separately because it is in opposition to item 2 of schedule 6. The question now is that Greens amendments (1), (3) and (4) on sheet 5251 be agreed to.

The committee divided. [6.00 pm]

(The Chairman—Senator JJ Hogg)

Ayes…………… 9
Noes…………… 43
Majority……… 34

AYES

Allison, L.F. Bartlett, A.J.J.
Brown, B.J. Fielding, S.
Milne, C. Murray, A.J.M.
Nettle, K. Siewert, R. *
Stott Despoja, N.

NOES

Adams, J. Barnett, G.
Bernardi, C. Birmingham, S.
Brown, C.L. Campbell, G.
Carr, K.J. Chapman, H.G.P.
Colbeck, R. Crossin, P.M.
Eggleston, A. Ferguson, A.B.
Ferravanti-Wells, C. Fifield, M.P.
Fisher, M.J. Forshaw, M.G.
Hogg, J.J. Hurley, A.
Joyce, B. Kemp, C.R.
Kirk, L. Lightfoot, P.R.
Lundy, K.A. Macdonald, I.
Marshall, G. Mason, B.J.
McEwen, A. McGauran, J.J.J. *
McLucas, J.E. Moore, C.
O’Brien, K.W.K. Parry, S.
Patterson, K.C. Payne, M.A.
Polley, H. Ronaldson, M.
Scullion, N.G. Stephens, U.
The CHAIRMAN—The question is that schedule 6 stand as printed.

Question agreed to.

Senator SIEWERT (Western Australia) (6.08 pm)—I move Greens amendment (5) on sheet 5251:

(5) Schedule 6, item 3, page 135 (after line 3), at the end of the item, add:

(3B) The Secretary may:

(a) vary the timing or the amount paid for the purposes of subsection (3) on the recommendation of a qualified social worker; and

(b) if an amount is required for a major purchase, direct that the payment be made in a specified manner for a specified purpose.

This amendment allows for a lump sum payment on the recommendation of a social worker where it can be demonstrated that a lump sum payment is necessary in order to make a major purchase to assist a person under 18 who, in theory, would have to have periodic payments. The arguments that the minister made about the benefits of lump sum payments also apply to those under 18. In fact, I would argue that in some cases it is probably more important for those under 18 to be able to, with guidance, make lump sum purchases. They may need to buy, for example, baby furniture, and they may need to acquire accommodation or a car. There are a number of things that those under 18 may require a lump sum payment for, for the same reasons the government put for those over 18 when they were opposing our amendments to require periodic payments for all recipients.

The Greens believe that periodic payments should be for everybody and, if recommended by the department or on the advice of a social worker, a lump sum payment also be made available. Of course, the government and the ALP have just rejected those amendments. We believe that there does need to be provision for those under 18 who are on periodic payments to be able to access a lump sum payment if necessary. Therefore, we move this amendment to enable that decision on lump sum payments to be made. As I understand it from previous answers, there is no provision for those under 18 to be able to access a lump sum payment in an emergency. I ask: what provisions are there if people under 18 require a larger sum of money than is available under the periodic payments? I am aware of the other schedule the minister was talking about.

Senator SCULLION (Northern Territory—Minister for Community Services) (6.11 pm)—I again draw the senator’s attention to the $1,113.50 that will be available in the circumstances that I described in my previous submission. I am somewhat confused by the notion that, after making an argument in this place that we should only have payments over a period of time—13 payments—we now turn around and say that there are circumstances where somebody under 18 would need a lump sum payment. The simple answer is that, no, we do not have any arrangement for people under 18 years of age to receive a lump sum payment. That is because all the advice and the feedback from the community was that it should not be available to those people who are under 18—and remember for some time we have provided it for people under 18. So this is not a ‘what if’; we are moving on what we consider considerable public feedback and feedback from professionals in the area. As the senator would well know, this was well discussed in the media. We, as a very responsi-
ble government, are responding to community concerns on this matter. It is not our intention to provide lump sum payments for people under 18. That is why there is no provision for it under this legislation.

Senator SIEWERT (Western Australia) (6.12 pm)—I do feel that the minister has misrepresented what I was arguing previously. If our other amendments had passed, this amendment would apply to everybody. This amendment was designed basically as a ‘you can get your cash quick if you can demonstrate you need it’ clause for everybody. Even though our amendments that were seeking to make periodic payments available for everybody did not get up, we still believe that this amendment should apply to those under 18.

I heard the minister say that this is what the community wanted. Not all the community said they wanted it. I draw his attention to the comments that were made in the submission and during the Community Affairs Committee inquiry into this bill by, for example, the National Council of Single Mothers and their Children, who specifically asked for a clause like this. They said that they could see some of the arguments that were coming from the community, and some of the arguments around helping some people under 18 if they had financial troubles to assist them through the periodic payment process, but that there should be an amendment that provided for lump sum payments where necessary. I cannot believe that the government believe—and I am very sorry if they do—that every person under 18 who has received the baby bonus until now has used the money inappropriately. I do not believe that the government believe that. I do not believe that they believe that every person under 18 has enough resources to be able to buy the sorts of equipment that may be necessary for those under 18 to be able to set up a nursery, a home, to buy provisions that a baby requires. I repeat: the same argument that applies for those over 18, where the government have said that they feel the best way to provide for them is a lump sum because there may be necessary purchases et cetera, applies for those under 18. There may be circumstances—and in the amendment that is on the recommendation of a qualified social worker—where lump sum payments are necessary. I ask again: what happens if more money—I appreciate the amounts you have articulated that will be available—is necessary in order to set up a home or nursery or to provide for the child?

Senator SCULLION (Northern Territory—Minister for Community Services) (6.15 pm)—I certainly had no intention of misrepresenting the senator, and I withdraw any remarks that she may have taken to be that. I reiterate: it is this government’s intention to provide the baby bonus as a lump sum to all those, except those either by demographic or as individuals, who we have identified as vulnerable. That is our policy on this matter, and it reflects community concerns about this matter. By demographic, we consider those individuals under 18 to be vulnerable in a general sense. Yes, there may be individuals outside of that, but we have decided that, as a demographic, this is the safest approach and we believe it will be supported.

The way we consider the matter of other people who are having a lump sum payment and who are considered vulnerable is that, as a part of the lump sum payment, everyone who applies for the lump sum payment understands that they have access to a counsellor. Through that counselling process a number of things can happen, particularly a recommendation from a counsellor that they have instalment payments—or in fact it could be by choice. You may choose to say: ‘I may be in a position where I would prefer to have instalments rather than lump sum...
payments. You may make those payments.’ The clear answer is no, we will not be providing in this legislation for particular exemptions for people who may be in a vulnerable demographic. I am not sure how it is being proposed that we assess people who are not; I would suggest that it is probably not through a counsellor. We are not providing that because we believe that generally, as an age demographic, it is quite reasonable that that would be the case. As I have said, this is a lump sum payment. That is our clear intention and it is simply done by exemption on vulnerability.

Senator STOTT DESPOJA (South Australia) (6.17 pm)—I want to clarify the use of the term ‘counsellor’, as my understanding is that ‘qualified social worker’ is the terminology used in the amendment. This is not just a perfectly good backup amendment; it is a very good amendment in its own right. Clearly, it is one that is very hard to argue against. With all due respect, Senator Scullion, points for trying, but you have to define ‘community concern’ for us. When you talk about community concern, can the department advise you, or the government explain to us, what is meant by that? Is this based on research? Is it based on polling? Is it based on front page articles? Is it letters to your office from constituents? I don’t know—white goods manufacturers? Who is complaining? Who is concerned? Are they concerned for valid reasons, or is it because there is this sense that people have allegedly misused or abused this payment? Some of the stories that I was reading related to families misusing the payment.

I am not meaning to be facetious; I am not suggesting that this is a light-hearted matter. We are talking about taxpayer dollars; we are talking about, in this particular case, those people who may be in circumstances that require additional support and financial assistance. That is to be determined by the qualified social worker in much the same way—and I am sure Senator Siewert or Senator Bartlett can explain this better than I can, given their social-worker backgrounds and understandings—that the same people would make comparable recommendations in other circumstances when it comes to payment of emergency relief: Centrelink, social security payments et cetera. I want to know what the community concern is and, in doing so, I am wondering if the minister wants to elaborate on his answer because I cannot see an argument for this particular amendment to fail. It seems a very good compromise and one that acknowledges that there may be exceptions. It even acknowledges that the government may be right—certainly the government has got its previous changes through—and then says, ‘But hang on, there may be some cases that deserve this acknowledgement or this change or this exception.’ I do not understand why the government will not consider this; I really don’t.

Senator SCULLION (Northern Territory—Minister for Community Services) (6.20 pm)—On the first aspect of the question from Senator Stott Despoja, I understand the baby bonus came in about July 2004, or the maternity payment as it was called then. Since then, not as a minister but as an individual, I listened carefully to my electorate of the Northern Territory. Pretty much every time this was debated, young people—and other vulnerable demographics, but particularly young people—were identified. Certainly the group I was hearing about was those under 18. I know the senator comes from a very different part of the world in some senses—

Senator Stott Despoja—What, South Australia?

Senator SCULLION—indeed—but much of the demographic in my electorate is also represented in hers. All I can say is that I
am surprised that she has little knowledge of the wider debate and the, I thought, quite passionate issue at the time about the vulnerability of people receiving a lump sum payment. It is as a consequence of that that we have made these decisions, and these were well reported in the media. As I said, they reflect public concerns and they were well reported in the media.

**Senator STOTT DESPOJA** (South Australia) (6.21 pm)—This is my last comment, Madam Temporary Chairman. I obviously appreciate that the minister has to do what the minister has to do; but, as to not understanding the demographics of the debate: bring it on. If you want the debate, I will have it. I am quite happy to ask you, for example, to outline, without getting advice or looking at your notes, some of the birthrates in the 15- to 19-year-old age group or the 18-year-old age group specifically. You think I am not aware of the debate; you should know that since 2002 there have been very few legislators amongst the Democrats who have not spent their time looking forensically at the demographics, the issues, the community debate and the research. When it comes to paid maternity leave, maternity payments, baby bonus 1, baby bonus 2—you name it—bring it on, because I am happy to have that debate.

I say that through you, Madam Temporary Chairman, to Senator Scullion, and I think he knows it. Maybe even this week we will have an opportunity with the launch of a new paid maternity leave campaign, which will bring up some of the new debates about demographics, statistics and community issues. I am ready. But in the meantime, on behalf of the Democrats, I would like to indicate our very strong support for this amendment. I look forward to facing off, so to speak, with Senator Scullion. I am not going to get into the South Australia versus Northern Territory debate. That would be to go off on a tangent.

**Senator SIEWERT** (Western Australia) (6.23 pm)—I would like to ask a question of the minister. It comes directly off the Family Assistance Office website. The page ‘Maternity Payment for Teenagers’ from the website says:

From 1 January 2007 until 1 July 2007, young people aged 17 years or under—

and I know it is now 18—

who apply for Maternity Payment will be paid in 13 fortnightly instalments unless special circumstances exist to warrant the payment of a lump sum.

So this is actually current government policy. I am wondering what has changed between that decision being made and now. Why has the government’s policy changed?

**Senator SCULLION** (Northern Territory—Minister for Community Services) (6.24 pm)—I understand that as of 1 January we changed the guidelines. Now there is an opportunity to bring the legislation in line with the guidelines.

**Senator SIEWERT** (Western Australia) (6.24 pm)—Can you confirm that it was government policy that exceptional circumstances could be put to warrant the payment of a lump sum? Is says it on the website.

**The TEMPORARY CHAIRMAN (Senator Moore)**—Do you need a bit of time, Minister?

**Senator Scullion**—Sorry, I wonder if I can get the question from the senator again.

**The TEMPORARY CHAIRMAN**—Senator Siewert, could you repeat that question.

**Senator SIEWERT**—Could you confirm what the government’s policy was? It says it on the website. This is a direct printout—I printed it out this morning. It says:
... 13 fortnightly instalments unless special circumstances exist to warrant the payment of a lump sum.

Can the minister confirm if that was government policy up until now?

**Senator SCULLION** (Northern Territory—Minister for Community Services) (6.25 pm)—I am informed that, because of the lead-up time to the legislation, we had to manage this issue by guidelines because there was not any legislation provided at the time. As you have seen on the website, we have provided guidelines. They guided the decisions at the time. We have since then decided to mandate that those people under 18 years of age are not able to be provided with a lump sum payment.

**Senator SIEWERT** (Western Australia) (6.25 pm)—So it was the government policy, up until now, under exceptional circumstances to pay lump sums.

**Senator SCULLION** (Northern Territory—Minister for Community Services) (6.26 pm)—I understand that, because of the legislative time frames that we had around this, we had to operate this particular provision under guidelines. I am informed that the website you are looking at simply reflected the guidelines at the time. As I have said, we are now moving to a process where the guidelines, which reflected some discretion in those matters, will be removed and simply supplanted by the legislation that we are hoping to pass today.

**Senator SIEWERT** (Western Australia) (6.27 pm)—I think I am having a groundhog day. This is exactly what was happening during estimates the other day when I was asking a question! I accept now that they are guidelines, not policy—but that is not what I was asking. I am asking whether lump sum payments are allowed in exceptional circumstances, or if they are not now but have been. I will ask another question while I am on my feet: under these guidelines that have been operating from the beginning of January, how many people have used the guidelines under special circumstances to request a lump sum payment?

**Senator SCULLION** (Northern Territory—Minister for Community Services) (6.28 pm)—First of all, by way of clarification, the minister, Mal Brough, made it very clear at the time that the guidelines would operate until such time as the legislation that we are putting forward today made some clarification—because we needed some sort of framework between the time of his announcement and now. The intention was, as he announced then, that the guidelines would only apply until we made those changes.

Regarding the details, I understand that between the beginning of February and early April this year, following implementation of the changed delivery arrangements, 94 per cent of baby bonus claimants aged under 18 years were paid by instalment. In 2005-06 only 16 per cent of under 18-year-old bonus claimants were paid by instalment. So, from February to early April this year, six per cent were paid by lump sum.

**Senator SIEWERT** (Western Australia) (6.29 pm)—Is February to April a two-month or a three-month period? I am not trying to be pedantic.

**Senator SCULLION** (Northern Territory—Minister for Community Services) (6.29 pm)—It is between the beginning of February and, it says in my notes, to early April.

**Senator SIEWERT** (Western Australia) (6.29 pm)—In that two-month period, which is the only period we have got to go by because it was the only period during which the new guidelines were operating where the decision was made that people would be paid in periodic payments, it was six per cent. Is it possible to get that in numbers of people
who actually had an exceptional circumstance where they required a lump sum payment? That is my understanding of what you have just said.

The TEMPORARY CHAIRMAN (Senator Moore)—Minister, I think you can hold that answer until after the suspension.

Sitting suspended from 6.30 pm to 7.30 pm

The TEMPORARY CHAIRMAN (Senator Troeth)—The committee is considering the Families, Community Services and Indigenous Affairs Legislation Amendment (Child Support Reform Consolidation and Other Measures) Bill 2007 and amendment (5) moved by Senator Siewert. The question is that the amendment be agreed to.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.30 pm)—Madam Chair, just before we suspended for the dinner break, Senator Siewert asked me whether I had any further information about the six per cent. Senator Siewert, as I indicated to you, the 94 per cent—and I actually managed to do the maths for the remaining six per cent—related to a comparative analysis between those people under 18-years of age who were paid by instalment from February to April and the 16 per cent who were paid by instalments from 2005-06. So it is 16 per cent against 94 per cent. My notional six per cent is probably accurate, but I do not have a further breakdown of that. I am not sure whether you require that in terms of family violence or any of those sorts of things, which is what I thought might be of interest to you. All I have to hand is that that was in the context of a differential between 2005-06 and now. A very small number of people received the instalment then against the 94 per cent who are receiving it now. As you can understand from the legislation, it will soon be 100 per cent.

Senator SIEWERT (Western Australia) (7.32 pm)—I also did the maths. I presume that the six per cent refers to people who had applied for a lump sum payment under the new guidelines. Is that correct? It sounds as though you do not have any further advice on the six per cent. But surely that six per cent relates to those people who applied for a lump sum payment, because that is the new procedure under the guidelines.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.32 pm)—I understand that the six per cent relates to that group of people who were paid by lump sum where the discretion was applied.

Senator SIEWERT (Western Australia) (7.33 pm)—That is what I understood. I am clear on that. I presume that, therefore, they had to apply for it, because that is procedure under the new guidelines. On the website, it says that people ‘aged 17 years or under will be referred to Centrelink social workers to discuss possible support’ et cetera. I presume that refers to those people who applied under special circumstances for a lump sum payment. What I am asking is: why did they apply for a lump sum payment? I presume that Centrelink has kept a record of those details.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.33 pm)—I am not advised at this time of any level of detail. As I said, the statistics—and we have all done the maths—relate to the differential between those applicants in 2005-06 and current applicants. The data was not provided in any way to try to illuminate the details of the circumstances that people found themselves in.

Senator SIEWERT (Western Australia) (7.34 pm)—That is the very point here. The Greens are moving these amendments because circumstances do arise. In this case, it concerns six per cent of people. Do you have
figures for the number of people that that six per cent represents? Six per cent of those people who were receiving maternity payments in February and March found themselves in a circumstance in which they needed a lump sum payment. I would have thought that, because they would have had to apply for it, there would be some notion as to why they were applying for the lump sum. It relates directly to this amendment; it is the very issue that we are talking about. There are exceptional or special circumstances which the government in the past has recognised in its guidelines and now it is closing the opportunity for people to receive a lump sum payment. It looks as though the government has not done any analysis. In the nearly six months in which these guidelines have applied, the government has not done any analysis of the reasons why people apply for lump sum payments in special circumstances. The government has changed its mind. We had a provision whereby anyone could receive a lump sum payment. We decided to amend that. For those people under 18, we decided that there were no circumstances in which that provision could be extended through a qualified social worker or otherwise. In the previous guidelines, the only circumstance that existed was one where a social worker decided that a person under 18 was sufficiently vulnerable and should receive instalments rather than a lump sum payment. But the government policy, which was announced by Minister Brough on 15 November 2006, was that all claimants under the age of 18 were to be paid by instalments.

Senator SIEWERT (Western Australia) (7.36 pm)—I do feel as though I am in Groundhog Day. I actually read to you what was on the website about special circumstances. The government has changed its mind twice. I acknowledge that currently on the website the provision has been reversed. Prior to that, a person could get a lump sum payment and someone who was considered vulnerable would get periodic payments. The minister made the announcement in November, and the information on the website has changed since then. I have a printout of it here. As I said, I printed it this morning. The printout says that there will be fortnightly payments, except under special circumstances where a lump sum payment could be made.

You just told me, in answer to a question, that from February to April six per cent of those people asked for a lump sum payment. That is where you changed your policy. Now you have changed it again, and I am asking why you have done so when at least six per cent of people found it necessary to apply for special circumstances for a lump sum payment? That is why it relates to my amendment, because when you brought in these guidelines to implement the government’s policy, you left it so that there could be special circumstances. Six per cent of the people applied for a lump sum payment and obviously were given it. So there were enough circumstances in those two months that it was acknowledged that people should get a lump sum payment.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.38 pm)—I think Senator Siewert is reading too much into the statistics. At no time have I said the six per cent reflected somebody applying for some sort of change in
circumstances. As I said, these statistics were there simply in a broad sense to supply a differential between 2005 and 2006, and January to April. But the statistics do not go towards whether these were people who particularly applied under those guidelines. These are fairly raw indications of the change we have had in those people who were receiving an instalment against those receiving a one-off payment. As I said, I think Senator Siewert is reading far more into the statistics. The statistics do not provide that there was any application made by somebody who wished to have a change of their circumstances.

Senator SIEWERT (Western Australia) (7.39 pm)—So you are telling me that the agencies have not been applying the guidelines. Ninety-four per cent of people got their payments fortnightly. How else would they have got the six per cent? How else would they have got theirs? I appreciate the statistics show that the policy of requiring fortnightly payments has been successful. You have moved the bulk of people onto fortnightly payments. What about the six per cent? That is the policy that was being applied and the guidelines that were being applied; I am asking: have you not been applying them? Surely you have gathered the information about whether people have actually been applying under special circumstances for lump sum payments.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.39 pm)—Again, I think you are reading too much into the statistics. All we are saying in that particular period of time, as you have amplified, is that there may have been some discretion. As I have said, the information before us now does not move towards any way under which the discretion may have been particularly applied or otherwise. It is simply that there is six per cent of people out there over that period of time that did not receive the complete one-off payment. But, as I have reiterated, it does not provide us with any further information about applications, why people were rejected or how that discretion was used in any other way. It is not for me, in this place, at this time, to consider what information may have been provided by another agency at some other time.

All I can say is that, as I have indicated before, following the implementation of the changed delivery arrangements, 94 per cent of baby bonus claimants under 18 years of age were paid by instalments and 16 per cent of under 18 year-old claimants were paid by instalments in 2005-06. It is there really only to show that there has been a clear change in terms of the delivery arrangements, and it reflects our intent of this legislation.

Question negatived.

Senator SIEWERT (Western Australia) (7.42 pm)—I move:

That the House of Representatives be requested to make the following amendment:

(6) Schedule 11, page 165 (after line 5), before item 1, insert:

1A Subsection 5(18) (and the heading)

Repeal the heading and the subsection, substitute:

Principal carer—a child may have more than one principal carer

(18) If:

(a) a court orders that more than one parent is to have a significant proportion of responsibility for the care of a child; and

(b) the difference in percentage of responsibility for the care of a child between the two parents is 12% or less;

both parents must be treated for all purposes of this Act as a principal carer for the child.
After subsection 5(19)

Insert:

(19A) Notwithstanding subsection (19), if a court orders that more than one parent has a significant proportion of responsibility for the care of a child and the difference in percentage of responsibility for the care of a child between the two parents is 12% or less, the Secretary must make a determination that each parent the subject of the court order is the principal carer of the child.

Statement pursuant to the order of the Senate of 26 June 2000

The effect of the amendment would be to allow an increase in the number of claimants eligible to be the principal carer of a child and therefore eligible to receive payments for the care of a child. These payments would be met from the appropriation from the Consolidated Revenue Fund under the Social Security (Administration) Act 1999.

This increase in the number of claimants eligible to receive payments would have the effect of increasing expenditure from the standing appropriation, and the amendments are therefore presented as requests.

Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000

The Senate has long accepted that an amendment should take the form of a request if it would have the effect of increasing expenditure under a standing appropriation. This request is therefore in accordance with the precedents of the Senate.

Senator SIEWERT—These are the same amendments that I moved last time we had FaCSIA legislation in this place, and I will continue to do it until the government does something about principal carers. To articulate the argument, which I have done on a number of occasions in this place, the manifestly unfair nature of the legislation now impacts on people who are sharing parenting. Family law went through this place last year and required equal shared parenting. Welfare to Work legislation went through and had, as part of its core, the notion of a principal carer. The principal carer could only be one parent, and yet we have a piece of legislation that has established the concept of equal shared parenting. But if both parents unfortunately happen to be on income support, only one of those parents can be a principal carer. Therefore, if the children are living in two households, each with 50 per cent care—50 per cent with dad one week and 50 per cent with mum another week—only one of those parents will be able to be identified as principal carer and receive the benefits that go with that. Therefore, for one week a child is living in a household that has the benefits of the parent being a principal carer, and that parent has reduced work participation and can access other benefits such as PBS and other concessions. The next week the child goes to the house of the other parent who is not the principal carer. That person does not receive those benefits and, therefore, has increased Jobsearch requirements, although they are still looking after the child and they do not receive the concessions. How can this conceivably be considered fair? We have one piece of legislation that says parents are equally sharing parenting and they are equal under the law, and another that says that they are not.

The last time we discussed this, the government undertook to look into it. When I asked questions during estimates, guess what—no action was taken. They could not answer any of my questions. At the moment this probably impacts on a small section of our community. I acknowledge that. But as the family law amendments are implemented more and more, we are going to see more parents in this position.

I think last time we discussed this, Senator Abetz said that there were only a couple of hundred people who were affected. There will be more in the future. Even if there are
not more in the future, there are 200 families that are being unfairly treated. It is not as if the government did not know that this was happening, because it has been raised on a number of occasions and they have not acted to fix it. So we are trying to fix the legislation and I will keep on trying to do it until amendments are made or until the government acts to remediate this problem. So I move our amendments to implement a fair process for principal carers.

Senator STEPHENS (New South Wales—Parliamentary Secretary to the Leader of the Opposition) (7.45 pm)—I want to support, in principle, the issues that Senator Siewert has just raised. This is a policy conundrum—but, more than that, it is policy incoherence—that has frustrated her and prompted her to move this amendment. We understand that this amendment takes the form of a request to the House to amend the Social Security Act to redefine who is a principal carer so that a child may have more than one carer—in circumstances where a court orders that more than one parent has a significant proportion of responsibility for the care of the child, and the difference in parental responsibility is 12 per cent or less—and ensures in these circumstances that the secretary must also make a determination that each parent who meets these criteria is the principal carer of the child for the purposes of the social security law.

As I said, Labor are very sympathetic to the point that Senator Siewert is making and certainly supports the spirit of this request in relation to the activity requirements of non-principal carer parents who have a significant proportion of responsibility for the care of their child. However, on this occasion, although we have supported Senator Siewert in the past, we are not in a position to support this amendment request because—and I want to make this very clear to Senator Siewert in particular—Labor are currently, in our own policy process, looking at the best ways to address the problems of this complicated intersection between the Welfare to Work, child support and family support laws. At this stage we are not convinced that the proposal that Senator Siewert is suggesting is the most workable solution. So at this stage we will not be supporting the request for amendment.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.47 pm)—Senator Siewert has put on the record in a number of forums her concerns in regard to this matter and I understand she raised this issue as an amendment to the employment and workplace relations legislation. As a result of the earlier proposed amendments, and the discussions and debate that surrounded them, this government, as Senator Siewert has indicated, is currently considering a range of options prior to making a final decision. To ensure that this matter is progressed I have asked Minister Brough to raise the matter again with Minister Hockey.

Senator SIEWERT (Western Australia) (7.48 pm)—Can I ask whether any action has been taken following up on the last discussion we had in this place, and how long do you think that will take?

Senator SCULLION (Northern Territory—Minister for Community Services) (7.48 pm)—When I have asked the question about the timing I have been advised that it is under current consideration. I am not aware of the time earlier this year at which the amendment to the employment and workplace relations legislation was actually made, but I do know that it is under current consideration. As soon as the decision is made, no doubt there will be some action in this place.
Senator SIEWERT (Western Australia) (7.49 pm)—Does that mean that the government does acknowledge that there is an issue here?

Senator SCULLION (Northern Territory—Minister for Community Services) (7.49 pm)—As I have just stated, we recognise that an amendment was put forward when Senator Siewert first raised this issue in the context of the employment and workplace relations legislation earlier this year. As a result of the proposed amendment, the government is currently considering a range of options prior to making a final decision. I suspect that the senator was aware of the government’s position and that they were working on the issue. The issue is under current consideration.

Senator SIEWERT (Western Australia) (7.50 pm)—At estimates, when I asked this question I was not told about this. The reason I have raised it again is that I was not informed that the government was taking this issue seriously, that it was undertaking a review, or that there had had been significant progress. You were not able to discuss it in more detail. There were some flippant answers given and no commitment at all that there was a lot of further work being done on this particular amendment. In the past when I raised these issues there was no commitment given to undertake this. I was not reassured during the estimates process. I was reassured during the discussion that we previously had in this place; hence my disappointment during estimates when I did not get a satisfactory answer to the questions I was asking. If the situation has changed between then and now, I am pleased, but I would like a time frame within which we can expect some action.

Senator SCULLION (Northern Territory—Minister for Community Services) (7.51 pm)—All I can reiterate is that, first of all, the estimates process Senator Siewert is referring to is the province of another minister, unrelated to our discussions here today. But, as I have said, I am informed that the government is currently considering a range of options prior to making a final decision.

Question put:
That the request (Senator Siewert’s) be agreed to.

The committee divided. [7.56 pm]
(The Chairman—Senator JJ Hogg)

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Question negatived.

Bill agreed to.

CHAMBER
Bill reported without amendment; report adopted.

Third Reading
Senator JOYCE (Queensland) (8.00 pm)—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

TAX LAWS AMENDMENT (2007 MEASURES No. 3) BILL 2007
TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007

Second Reading
Debate resumed.
Senator SHERRY (Tasmania) (8.00 pm)—We are considering Tax Laws Amendment (2007 Measures No. 3) Bill 2007 and Tax Laws Amendment (Small Business) Bill 2007 in a cognate debate. The measures No. 3 bill contains 10 measures, three of which I would like to concentrate on in my contribution tonight, and in particular schedule 10, which proposes new withholding arrangements for managed fund distributions to foreign residents.

Schedule 1 reduces the punitive impact on certain distributions to entities connected with a private company. Labor supports this measure to reduce compliance costs for private companies and reduce tax penalties, particularly for inadvertent breaches of the ‘deemed dividend’ provisions of the tax law.

Schedule 2 of this bill is a revenue protection measure necessary for the proper implementation of the simplified superannuation reforms. Labor supports this proposal to close a loophole that gives an unfair advantage to certain taxpayers—I believe it is by gifting in order to attempt to circumvent the contribution limits.

Schedule 3 of this bill allows a trustee of a resident testamentary trust to choose to be assessed on capital gains of the trust which would otherwise be assessed to an income beneficiary who cannot receive the benefit of the capital gains. Labor supports this proposal to introduce more fairness in the taxation of testamentary trusts income.

Schedule 4 of this bill makes lump sum superannuation death benefits paid to nondependants of ADF personnel, Australian police force members or Australian Protective Service officers who die in the line of duty tax free. Labor supports this proposal, which recognises the valuable role played by defence personnel and police in maintaining the safety and security of the community.

Schedule 5 of this bill extends the transitional period relating to the application of accounting standards under the thin capitalisation rules. Labor supports this proposal to assist business adjusting to the new accounting standards and their impact on the thin capitalisation.

Schedule 6 repeals the dividend tainting rules. Labor supports this proposal, which comes about as a result of the removal of the intercorporate dividend rebate and the introduction of the consolidation regime.

Schedule 7 of this bill more closely specifies which debt interests are eligible for exemption from interest withholding tax in sections 128F and 128FA of the 1936 Income Tax Assessment Act. Tax is withheld from the payment of interest to nonresidents at a rate of 10 per cent, subject to a number of exceptions. Sections 128F and 128FA of the 1936 act provide an exemption for interest paid by companies on debentures that meet a public offer test. The exemption exists to reduce the cost of Australian companies obtaining capital. The amendments specify that non-debenture debt interests that are non-equity shares and syndicated loans are eligible for exemption from IWT. They also introduce a regulation-making power to pre-
scribe further types of eligible debt interests within the exemption.

The new schedule represents a significant backdown by the current Liberal government. These amendments have an interesting history of change reversal by the current government. It started with legislative amendments in 2005 to extend the exemption from interest on a debenture to interest on a debenture or a debt interest in order to reflect changes to Australia’s debt/equity rules in 2001. The 2005 amendments unintentionally resulted in the exemption being potentially available to all debt interests. The definition of ‘debt interest’ is too broad, and interest on financial instruments not intended to be included may be covered by the exemption.

Amendments to fix this were proposed in schedule 2 to the Tax Laws Amendment (2006 Measures No. 7) Bill 2007. The bill was referred to the Senate Economics Legislation Committee at Labor’s insistence to examine the interest withholding exemption. Labor expressed concerns that the bill created uncertainty and practical problems that could inhibit raising debt finance. The Assistant Treasurer initially stated that he would not refer the bill to the committee. But the next day the Assistant Treasurer backflipped and referred the bill to the Senate Economics Legislation Committee. Submissions to the committee demonstrated the appalling lack of consultation undertaken by the government on this measure in TLAB No. 7. As the Australian Bankers Association noted in its submission, ‘a breakdown occurred in the consultation process in relation to the IWT amendments’, and that is putting it very mildly.

The committee inquiry exposed the substandard legislation that the Assistant Treasurer had put to the parliament. The ABA’s submission stated:

... the bill will unreasonably impede access by borrowers to international debt markets ... the appropriated amendments will prejudice the ability of Australian firms to participate in the syndicated loan market.

Labor senators recommended in their additional remarks to the report on the bill:

• as a minimum, the Bill be split with schedule 2 of the Bill to be considered at a later time once the legislation or once the regulations that will accompany the legislation are completed. Further, the Government should amend schedule 2 to give Treasury by regulation, the power to prescribe financial instruments which will not receive the withholding tax exemption rather than those that will.

• Schedule 2 be dealt with before the end of the 2006-07 financial year.

Labor is certainly delighted that the Assistant Treasurer finally agreed with the Labor senators’ recommendations from the committee inquiry rather than taking on his own party’s committee members’ recommendation, which was to allow the bill through without alteration. However, I have to say, so that people understand, that in this process the government parties’ committee members I am sure would have been dutifully following the instructions of the Assistant Treasurer. But he appeared to have yet another change of thought and, having already instructed his Senate colleagues to take one line and oppose Labor’s line of recommendation, he changed his mind within 24 hours and totally abandoned his own colleagues. So Labor supports the changes proposed in this schedule to help ensure that Australian business does not face a higher cost of capital due to interest withholding tax.

Schedule 8 of the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 inserts a specific deduction in the tax law to provide that initial investors in a forestry manage-
ment investment scheme will receive a tax deduction for their contributions. Subsequent investors will receive a tax deduction for their ongoing contributions to forestry schemes provided that at least 70 per cent of the scheme manager’s expenditure under the scheme is direct forestry expenditure. The schedule also provides rules governing the taxation consequences of trading forest scheme interests. This schedule comes about as a result of the ATO revisiting its views on the tax deductibility of investors’ contributions to forestry schemes. This bill provides a deduction under a separate statutory provision. This means that it will no longer be necessary for taxpayers to demonstrate that they are carrying on a business in order to access the statutory deduction. The specific deduction provision ensures that initial investors in forestry schemes will receive a tax deduction for their contributions and that secondary investors will receive a tax deduction for their ongoing contributions, provided that there is a reasonable expectation that at least 70 per cent of the scheme manager’s expenditure under the scheme, at arm’s-length prices, is expenditure attributable to direct forestry expenditure.

Schedule 8 of the bill also amends the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936 to allow secondary investors to obtain deductions for ongoing contributions to forest scheme arrangements. The issue of deductability of forestry MISs has been around for some time now. It has been a matter of considerable public controversy. The 2005-06 budget announced that the government would review the taxation treatment of plantation forestry. That review has not been made public. The arrangements before us today were announced in December 2006. The government also announced in December 2006 that it would consider the issue of taxation arrangements for non-forestry MISs in the new year. In February 2007, the Assistant Treasurer announced that the government would not introduce specific deductability provisions in the tax law for non-forestry MISs as it will do for forestry MISs. The lack of consultation that went into—or, rather, did not go into—the issue of tax deductability of nonforestry is disturbing and fits a pattern of a lack of consultation and general incompetence by the Assistant Treasurer.

My colleague Senator O’Brien moved a motion in the Senate to hold an inquiry into the non-forestry MISs—a motion which the government voted down. However, Labor supports the proposal to provide a specific deduction for forestry MISs. The proposals strike a balance between ensuring that Australia has a sustainable plantation industry while addressing tax integrity issues. Labor recognises the important role that MISs provide in rural and regional areas and in the way of jobs and investment. Importantly, there are a number of downstream jobs such as those in nurseries and of irrigators, fencers et cetera that are reliant on MISs. I note that plantation forestry also plays an important role in sequestering greenhouse gases.

Schedule 9 amends the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 to ensure that a trustee can be taxed on the net income of the trust in relation to a non-resident trustee beneficiary. This makes the tax treatment of non-resident trustees consistent with the treatment of non-resident company and individual beneficiaries. Labor supports the proposals to close this loophole.

Schedule 10 to this bill proposes to implement a new withholding regime for distribution to foreign residents of net income of managed investment trusts attributable to Australian sources either directly or through certain Australian intermediaries. Income that consists of dividends, interest or royalty
outcome is generally excluded from this measure, as are capital gains on assets other than taxable Australian property. This schedule was recently discussed at length at a Senate Standing Committee on Economics inquiry into this bill. Labor proposed a flat and final withholding tax rather than a deductible headline nominal rate, the rate being 15 per cent. Labor believes that imposing a withholding tax of 30 per cent would act as a disincentive to foreign investment in Australian managed funds and Australian property trusts. All of the submissions relating to schedule 10 of the bill argued that the 30 per cent headline rate of taxation is a disincentive for foreign investors and recommended a flat and final rate of 15 per cent or less. Labor’s suggested rate of 15 per cent was based on the expert evidence of a broad range of participants in the financial services market that this rate was consistent with our main competitors for foreign investment in Asia, in centres such as Hong Kong, Singapore and Japan. The submission of the Property Council of Australia stated:

If passed, this legislation will raise significant **barriers to Australia’s competitiveness as a manager of global funds.** It will also be harder to build on our strengths as a regional financial hub.

Labor does not believe that the cost, estimated by Treasury, of reducing the rate to 15 per cent is accurate. The government’s claim that Labor’s proposal to halve the withholding tax on distributions to overseas residents from Australian managed funds would cost $100 million a year was not supported by evidence presented to the Senate economics committee. The $100 million costing assumed a gearing ratio for investments in Australian managed funds of zero. This contrasts with evidence given to the committee by industry experts, who advised that nearly all foreign institutions looking at investing in Australian managed funds were gearing. Although foreign investors have the option of lodging an Australian tax return and gearing their investment to lower than the 30 per cent headline rate of withholding tax, investors do not wish to engage with the complexity and compliance cost of claiming deductions.

I will be moving a second reading amendment to halve the 30 per cent withholding tax on distributions from Australian managed funds to non-resident investors. This amendment will place Australian fund managers in a much better position to compete to manage the global pool of managed funds. The 30 per cent withholding rate could hamper the potential growth of our funds industry when funds under management in Asia are expected to grow by 14 per cent per year over the medium to long term. Labor’s amendment—and this is acknowledged by industry—will build on the strength of Australia’s funds management industry to make Australia the financial hub for the Asia-Pacific region.

Amazingly, Australia has some $1 trillion in superannuation. By total volume of savings and investment in this vehicle, we are the fourth-largest funds management country in the world. I think the United States, France and Luxembourg are the only three countries that exceed Australia in total funds under management. We have total funds under management in excess of countries like Canada, Switzerland, the United Kingdom and Japan. If you look at our population and economic base compared to those countries, we are a world major league player in funds management, and Labor believes we should be doing more to encourage exports and growth in this regard, particularly into the Asian region.

I turn to the Tax Laws Amendment (Small Business) Bill 2007, which Labor supports. The bill introduces the long-awaited standard eligibility criteria that applies across the
small business tax concessions announced in the 2006-07 budget. The bill also implements several other 2006-07 budget announcements relating to small business, all of which enjoy Labor’s support.

Schedule 1 provides a single definition of a small business entity for the purpose of accessing any of the small business tax concessions. The current tax laws provide for a number of small business concessions, including the simplified tax system, the goods and services tax concessions, capital gains tax concessions and fringe benefits tax concessions. Each concession has its own set of eligibility criteria with the definition of small business, which is a source of complexity and unnecessary compliance costs for small businesses. The bill proposes a new small business framework which introduces a single test about the size of the business. The test provides a single definition of turnover and the amount of turnover: $2 million. Entities that satisfy an aggregated turnover test of $2 million per annum are able to utilise the various small business concessions. Small businesses will be able to access these concessions provided they also satisfy any additional criteria that currently apply to each concession that do not relate to determining whether the taxpayer is a small business.

Schedule 7 to the bill extends the rollover relief available under the uniform capital allowance system to small business entities that choose to deduct amounts for depreciating assets under the special rules for capital allowances for small business entities—simplified tax system. This will provide more flexibility for STS taxpayers wishing to restructure their business.

Schedules 2 to 6 and 8 to this bill amend a number of acts to give effect to the 2006-07 budget announcements to increase the capital gains tax maximum net assets threshold from $5 million to $6 million, increase the simplified tax system turnover threshold from $1 million to $2 million, remove the $3 million depreciable assets test from the STS eligibility requirements and increase the goods and services tax cash accounting turnover threshold from $1 million to $2 million. The result of these amendments, together with schedule 1, is that the GST cash accounting threshold will be increased to $2 million. The bill will align the simplified tax system—STS—and GST definitions of turnover for small business.

Speaking of the GST, I note that the coalition adopted Labor’s policy to increase the GST registration turnover threshold to $75,000 for businesses. This Labor policy was announced by the Leader of the Opposition in his address to the Press Club last month and is in line with recommendation 5.38 of Rethinking regulation: report of the taskforce on reducing regulatory burdens on business. Labor welcomes the adoption by the government of Labor policy.

The bill will result in the following changes to the STS. It will increase the STS average annual turnover threshold from $1 million to $2 million, remove the $3 million depreciable assets test from the STS eligibility requirements and give STS taxpayers access to the capital gains tax small business concessions, fringe benefits tax exemption for car parking benefits and the payment of quarterly pay-as-you-go instalments on the basis of gross domestic product adjusted notional tax.

The bill will increase the maximum net asset value for accessing the small business CGT concessions from $5 million to $6 million, and STS taxpayers would have access to the small business CGT concessions. These CGT changes come in addition to the recent amendments to the CGT small business concessions to make the requirements clearer and to lower the bar to qualify for the
concessions in Taxation Laws Amendment Act (No. 7). Labor is a strong supporter of such concessions for small business. The bill gives exemption to STS taxpayers’ access to the FBT car parking exemption and STS taxpayers’ access to PAYG instalments based on GDP adjusted notional tax. Labor supports these measures to assist small business. The measures reduced compliance costs and increase the availability of such tax concessions for small business.

In conclusion, I move Labor’s second reading amendment:
At the end of the motion, add:
“but the Senate condemns the Government for its lack of commitment to the Australian managed funds industry and its lack of commitment to ensure Australia becomes an Asian financial services hub and calls on the Government to reduce the withholding rate applied to non dividend, royalty and interest distributions from managed investment funds to non-residents to a flat and final rate of 15 per cent”.

Senator MURRAY (Western Australia) (8.21 pm)—The Tax Laws Amendment (2007 Measures No. 3) Bill 2007 brings together a diverse range of matters to amend various pieces of taxation legislation. The bill is an omnibus bill with 10 schedules. It amends the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the Fringe Benefits Tax Assessment Act 1986, the Income Tax (Transitional Provisions) Act 1997 and the Taxation Administration Act 1953. Some brave souls periodically recommend overhauling the taxation system completely, but we always go back to piecemeal picking at the edges of the taxation system. Better than leaving well alone, I guess, simply because all is not well.

The Tax Laws Amendment (2007 Measures No. 3) Bill 2007 implements the following changes to Australia’s taxation system in 10 schedules: distributions to entities connected with a private company and related issues, a non-concessional contributions cap during the simplified superannuation transitional period, assessment of capital gains of testamentary trusts, superannuation death benefits of certain defence and police personnel, extension of the transitional period relating to the application of accounting standards under the thin capitalisation rules, repeal of dividend tainting rules, interest withholding tax exemption, investments and disposal of interests in forestry managed investment schemes, Australian trust distributions to non-resident trustees and new withholding arrangements for managed fund distributions to foreign residents.

This bill was referred to the Senate Standing Committee on Economics for report and, as usual, the government gave it a very short time frame in which to receive submissions, to hold a hearing and to prepare a report. Given the short time frame, it was not surprising that only 11 submissions were received which dealt with only a couple of the schedules. This could be evidence that all the other schedules are so wonderful that no-one has a problem with them or it could be evidence that people and organisations very pressed for time and resources were unable to make submissions on time. Be that as it may, and we are unfortunately getting used to these hurried committee timetables, I can only comment on the evidence before me.

I would like to say how grateful I was for the expedition of Hansard in providing us with a record of the hearing. It was in my email inbox by Friday afternoon following a Friday morning hearing. Also the secretariat has to be commended for the swift turnaround of the Senate economics committee draft report. It at least gave those of us interested in writing a minority report time to consider the matter. The chair of the committee is to be thanked for his quick work in clearing his draft. His consideration of other
committee members is a welcome change. There was robust debate during the hearings but the chair was courteous, fair and helpful.

Although there are 10 schedules to this bill, I am only going to deal with those which were subject to the committee hearings—in particular, schedule 10, which was the most contentious. I do want to briefly remark on schedule 7, which had been contentious, and the shadow minister has covered his summary of the events which led to schedule 7.

- Schedule 7 to this Bill amends sections 128F and 128FA of the Income Tax Assessment Act 1936 (ITAA 1936) to more closely specify those debt interests that are eligible for exemption from interest withholding tax (IWT) ...
- These amendments correct an unintended broadening of the exemption that occurred following the New International Tax Arrangements (Managed Fund and Other Measures) Act 2005 (2005 amendments). Closer specification of the range of debt interests eligible for the exemption realigns the exemption to the Government’s policy intent and enhances the integrity of the tax system.
- The amendments specify that non-debenture debt interests that are non-equity shares (including those subject to the related scheme rules in Division 974 of the Income Tax Assessment Act 1997 (ITAA 1997)) and syndicated loans are eligible for exemption from IWT. They also introduce a regulation-making power to prescribe further types of eligible debt interests.

Those listening in the Treasury benches will recognise that as a quote from the explanatory memorandum and my compliments to the Treasury officials concerned for correcting that schedule and enabling us all to support it.

According to the explanatory memorandum, schedule 10 amendments are intended to improve the efficiency of the managed funds industry in respect of the collection of tax from distributions to foreign residents. As noted in the committee report, of the 11 submissions that were received, six commented on schedule 10 and they all made the same or a similar point: while the new withholding tax regime was a great improvement, the 30 per cent withholding tax rate proposed in the bill was too high and made Australia uncompetitive internationally. The main contention from those making submissions was that many countries in our region and outside our region only attract a 15 per cent tax rate or less. The committee’s evidence from written submissions and the public hearing supports Labor’s policy of having a flat and final withholding tax rather than a deductible headline nominal rate, and the rate for the withholding tax itself being 15 per cent. The ALP believes that imposing a withholding tax of 30 per cent would act as a disincentive to foreign investment in Australian managed funds and Australian property trusts. I think they are right.

There is no doubt, and this was acknowledged by those giving evidence, that there remains a way to structure the investments so that what is perceived as a high rate is not paid at the end of the day. The committee heard evidence that large institutions and entities—not smaller ones because they do not have the resources—can do just that. That in itself is discriminatory. The evidence was that they can structure the investment through different vehicles and claim deductions to ensure that they are paying, in some cases, no more than a final rate of 12½ per cent. The Treasury indicated that not many do that, from which I conclude that most would rather pay up than go to the trouble and cost of structuring, gearing and putting in annual tax returns and getting their money in a year to 18 months later. It is all too complex, costly and hard. Or they can take their money elsewhere, which is a real and growing option in this fast moving dynamic capi-
tal market, especially when our headline rate of 30 per cent stands out as uncompetitive. I take issue with the shadow minister’s remark that in this regard he was in fact referring to Australia’s strength in this area historically. The indications are that the prospect of that strength is unlikely to be maintained unless we adjust the rate.

Mr Speed, chairman of the Speed and Stracey legal firm, criticised the bill not only for the 30 per cent rate but also for the fact that it was a headline rate of tax rather than a final and flat withholding tax rate. He said that when he was on the phone to overseas investors and told them the rate of tax was 30 per cent, the phone metaphorically went dead. He intimated that it stopped people in their tracks and that often overseas investors would then look to similar investment in other countries where the rate was lower. The committee heard that, on the whole, overseas investors are not persuaded to structure their companies differently for a tax benefit in Australia when they can pick up the phone and do a deal with Singapore without going through the hoops of setting up different corporate structures and where they do not have to lodge tax returns to claim back tax paid. If there was a choice of going somewhere where the fixed and final rate was lower and you did not need to jump through administrative hoops and have a year or more delay in getting money issues resolved, I do not know many market participants who would not say, ‘Let’s go with the lower tax rate and the easiest structure.’

The witnesses at the table brought up the point that Australia is currently well regarded in this market. They also said that Australia has the potential to become a financial hub for this style of investment, if the rate is right. But the reality is that countries in our region, like Singapore and Japan, are just as stable as Australia in these terms. They have lower rates and will attract overseas investment at the expense of Australia unless we adjust our regime.

I recognise that the Treasury have said that the market has grown very well over the last couple of years, and they are accurate in saying so. They also said that Australia has done well, and they are accurate in saying that too. But that is in the past; the market is moving on and Australia should continue to move with it. The evidence is that in this bill the Treasury have done a good job of simplifying and streamlining the taxation regime in this area, and they were rightly complimented on that fact.

But, most of all, the rate will determine investment. If we wait—as was suggested in the majority report—and just keep an eye on how things are developing, then there is a chance that we will be left behind. Getting tax relief for investors from particular countries as a result of new double taxation treaties is a very slow process. We all know how long it takes to negotiate a double tax treaty, as was recommended by the majority report. Once the terms of the treaty have been finalised and it has been ratified, there has to be legislation drafted to incorporate the treaty into Australian law. That legislation must then pass through parliament. That is too slow and bureaucratic for a fast-moving capital market. It is too slow, and more agile neighbours will react to the marketplace realities.

I support Labor’s recommendations, firstly, that the rate should be a flat and final rate so that investors do not face the complexity and cost of structuring and gearing and also do not have to wait years while tax returns are processed and, secondly, that the rate should be 15 per cent—which is at the upper end of rates—so that Australia remains competitive in this area of investment. If the government were not willing to accept the 15 per cent rate, then I think they at least should
consider a flat and final rate based on the effective tax rate, which they know—or at least have a feeling as to what it is. Of course, we do not have a feeling as to what it is because we were not given the figures.

I now have a few remarks to make on the other schedules. These were either discussed by the committee or submissions were received on them. Schedule 8 streamlines the taxation for forestry managed investment schemes in the Income Tax Assessment Act 1997. It entitles investors to immediate up-front tax deductibility for all expenditure. As the Minister for Revenue and Assistant Treasurer has stated, these proposed arrangements will provide greater certainty for investors in forestry, will see the continued expansion of Australia’s plantation estates and will reduce reliance on both native forests and overseas imports. However, as I have said before—and it bears repeating—the policy principle behind the streamlining of these investment incentives should be rational and transparent.

Are these investment incentives—these tax concessions—good for both economic and environmental reasons? Personally I am not so sure. Why do some trees and not others qualify for a tax concession? Why eucalypts but not walnuts? Why pines but not olives? If the Prime Minister wanted to prove his green credentials then maybe investment in all trees, and not simply managed investment forestry schemes, should be supported with taxation concessions. If he wants to prove his economic credentials then maybe investment in all trees, and not simply managed investment forestry schemes, should be supported with taxation concessions.

I have argued in the past that from an economic perspective tax concessions are only appropriate for infant industries that we wish to encourage. They should be time limited unless the industry is of national strategic significance. On environmental grounds, it is possible to argue that forestry is of national significance now. Even the tired, sceptical, climate-warming deniers that constitute some members of our federal government accept that trees are an intrinsic good in this respect. So why not include all trees that are commercially viable? Why just include forestry plantations? If a farmer invests a large amount in planting trees to combat salinity on his property in southern Western Australia, does it not make sense that these tax concessions should be extended to that farmer?

There was only one submission to the committee regarding this schedule. It was a joint submission from the National Association of Forest Industries, Tree Plantations Australia, Treefarm Investment Managers Australia, and the Australian Plantation Products and Paper Industry Council. Needless to say, these entities supported the legislation as it resolved ‘10 years of instability and uncertainty about the future ongoing taxation arrangements for retail forestry’. That, of course, is a virtue of the legislation: it does indeed get rid of the uncertainty which has dogged the industry.

I note that there were no submissions from environmental groups or non-profit sustainability groups or farming groups—not, I guess, because they have nothing to say on the issue but because this committee process was rushed. So the government gets a cheer from those involved in forestry managed investment schemes but it leaves unanswered the questions that I have asked.

As everyone in the Senate knows, I am all for consistency in tax matters. That is why schedule 4 has me puzzled. The schedule applies to police officers and members of the defence forces who die in the line of duty. As was pointed out by the United Firefighters Union of Australia in its submission, firefighters are not included in the categories of
persons who can take advantage of this ben-
fit. Yet many would say that they have put their lives on the line in similar ways to de-
fence personnel and police officers, when they are faced with danger. Many emergency workers—paid and voluntary—are at risk at their work. Ambulance drivers are unfortunately often attacked when they attend at nightclub brawls or domestic disputes. All of these people should surely be afforded similar treatment to that given to police officers and defence personnel if the tax concession were to be granted because people may be harmed or die in the line of duty. Perhaps police officers and defence personnel are being given this preferential treatment because they are deployed overseas. But Aus-
tralian firefighters regularly assist overseas, as do aid workers and many others. There have been some very unfortunate instances of overseas aid workers being killed in the line of duty, and yet they will not get this particular concession. It is totally unclear.

I think that proper and thorough consid-
eration should have been given to this matter and consistency of tax policy applied. There is no evidence that I could see in the ex-
planatory memorandum to satisfactorily ex-
plain the reasoning behind this amendment and why it was limited to defence personnel and police officers. All that Treasury said to the hearing was that it was a policy matter on which they could not comment. To put it an-
other way, they were just following orders.

In conclusion, as you know, Madam Dep-
uty President Kirk, this is a cognate debate, with the Tax Laws Amendment (Small Busi-
ness) Bill 2007 to be considered. I wish to make some remarks and to ask a question on that bill, so I would seek to ensure that there will be a committee stage following the sec-
ond reading debate. I hope you will ensure that that occurs.

Senator WATSON (Tasmania) (8.37 pm)—The Tax Laws Amendment (2007 Measures No. 3) Bill 2007 is an omnibus bill dealing with 10 issues. However, given the limited time of this debate, I have only the time to discuss three matters about which I have had a close, continuing interest. The first is an amendment to the anti-avoidance measures under division 7A of the Income Tax Assessment Act, an amendment which overcomes some quite punitive provisions which date from 1996. It is indeed very pleasing that the government has recognised the problems faced by a lot of small busi-
nesses in often unavoidable situations where there may have been an honest mistake but at the same time with no loss to the revenue, no mischief and no benefit to an individual or to a group of individuals, who were, however, severely penalised.

I therefore wish to take this opportunity, Minister at the table, to express my thanks to the Treasurer, the Treasury, the tax commis-
sioner and the government, because I have been working to rectify these problems for perhaps to 12 to 18 months. The overriding problem with division 7A was often referred to in the profession as the ‘drop dead’ provi-
sions, because there was no commissioner discretion. Therefore, the retrospective amendments dating to 2001-02 are indeed good for many people. In the main, the changes take effect from 1 July 2006. How-
ever, the commissioner’s discretion is retro-
spective and can be utilised in respect of 2001-02 and later years. The fringe benefits tax amendments are from 1 April 2007. The retrospective nature of the amendments is indeed unusual but gratefully received.

Difficulties and issues surrounding divi-
sion 7A have been numerous, with many accountants facing litigation from their cli-
ents arising from the 1996 legislation. Allow me the opportunity of explaining some of those difficulties that previously faced the
profession and why they were so keen to get these amendments through. One example is the automatic debiting of a company’s franking credit account where a deemed dividend arises under division 7A. The amendments we are debating today now provide the Commissioner of Taxation with the discretion of disregarding the deemed dividend that has arisen in circumstances of an honest mistake or omission by a taxpayer, providing a greater flexibility in the administration of the process.

Innocent transgressions also often involved intragroup transfers or transactions where there was no economic benefit to the shareholders or associated persons, such as a country bookkeeper drawing from a wrong account or drawing a cheque on advice from a banker to purchase a tractor from what may have been deemed the incorrect account. Quite often such transactions were not detected until the books went to a more sophisticated tax accountant after the year of income when preparing the annual return. There were problems of refinancing shareholders through paying a deemed dividend. For example, a loan from a solicitor being refinanced by a bank could have got caught. In addition, certain shareholder loans could be refinanced without triggering the deemed dividend.

The drafters of the legislation therefore had to navigate some very difficult legal precedents. For example, loans made by private companies to shareholders or associated were caught by division 7A if that loan was not repaid before 30 June of the relevant year or was not the subject of a complying loan agreement entered into before the loan was made. A general principle of taxation is that only economic gains are taxed. However, division 7A imposed the harshest possible tax impact on transactions that had no long-term economic impact—for example, a loan made from a private company to another related entity in June 2003 and repaid in July 2003 in the absence, for example, of a recent loan agreement would suffer an income tax of effectively 48.5 per cent plus a loss of franking credits, which carries a further tax penalty.

An identical transaction undertaken in June 2005, ironically, would have attracted no such tax. Hence the importance of this amendment. Taxpayers without the slightest intention of obtaining a taxation advantage were being levied with substantial taxation impost without the opportunity or mechanism to undo or correct their situation. Division 7A’s original intent was to ensure that private companies would no longer be able to make tax-free distributions of profits to shareholders in the form of repayment of loans. While this intent was understood and respected, the legislation was interpreted, unfortunately, far wider than its original intent. Here is a warning for future tax legislation.

The second measure that I wish to address tonight in this omnibus bill includes the requirement that investors in forestry plantation schemes meet a 70 per cent direct forestry expenditure test—an initiative strongly supported by the forestry industry, which I am a little bit surprised about. The 70 per cent test will have to be read in relation to a number of other measures, some of which are included in the bill.

There is also another piece of legislation which I refer to as the ‘tax promoters legislation’ that one has to be careful of in navigating this scenario. The schedule also provides for the establishment of a secondary market, which I believe will give original investors the opportunity of selling before harvesting, providing the investment was for at least four years. This measure, I believe, will add a new level of transparency that will ensure
costs are contained rather than inflated, which is an important part of this test.

I believe the forestry plantation arrangements that seek to make use of the 70 per cent direct forest expenditure fundraising mechanism—and the emphasis is on ‘direct’—should only be used by those corporations with long experience in forestry and staffed by people with great qualifications, including actuarial qualifications. I issue this warning because I can see many potholes along the life of a project, starting from the initial investment to the harvesting of the plantation, its marketing and final distribution.

Honourable senators would be aware of the 1964 precedent in the Cecil Brothers High Court decision that was decided against the Australian Taxation Office by denying the office the right to substitute a different price to the one actually charged. Cecil Brothers was a shoe retailer which purchased certain stock from a related company at a price higher than the market price charged by the usual suppliers. Legislation therefore had to overcome the possibility of a like situation in the forestry industry, whereby, for example, a box of seedlings that cost $3 by one arm of the promoting company could be sold to another within the corporate structure for a price of $25, or the employment of contractors by an associate company and charged back to the forestry operation at a price grossly exceeding the market price—a mechanism to inflate the value of direct forest expenditure. How did the drafters overcome that? They inserted what was known as an arms-length market price test to overcome the precedent in the Cecil Brothers case.

I believe that the 70 per cent direct forest expenditure is available only for forestry plantations where it is for the long term, for experienced operators and, I also add, the brave. Records have to be kept for the life of the plan plus five years. The problems will occur when the forest company falls short of an ATO audit in four or five years time. Not only do all of the forest corporations incur severe penalties should they breach the 70 per cent test, but the investors will have the indignity of their tax returns being amended by denying the initial deduction for the investment. The mind boggles, Senator Brandois, the minister at the table, at the potential legal ramifications for such an event. I ask honourable senators to remember that we are dealing with projected future costs with a seven- or 12-year life, and these costs must be discounted to present values and the records have to be kept for the life of the plan.

Discounting recognises that a dollar today is not the same as a dollar in the future because, even in the absence of inflation, today’s dollar can be invested. Not only does the plantation company have to work out very carefully its direct—not its overhead, not its indirect, but its direct—forestry expenditure, but there are a number of what I call contestable fringe costs that may be subject to challenge in an audit. The company must be familiar with this counter cash flow technique, thus the potential for error could be high for those who are not prepared, those who do not fully understand the costs and ramifications of legislation. Otherwise, they may fall below the 70 per cent limit with all of the dire consequences that I referred to. So I also issue a caution to financial planners therefore to treat such projects with high caution as they may also get caught up in the future legal consequences or ramifications.

I wish to spend the remainder of my available time addressing scheduled 10 of the bill, which concerns the new withholding arrangements for managed fund distributions for foreign residents. The legislation effectively puts into legislative form the Australian tax office’s administrative arrangements, which currently carry different rates from 29
per cent to 47.5 per cent. For example, there is a 30 per cent corporate rate, an individual 29 per cent rate and a 47.5 per cent superannuation noncomplying rate. The measure before us tonight removes the uncertainty and reduces the compliance burden by having to address different types of income and different types of recipients of that income. To put it quite simply: this measure does provide for a high degree of certainty.

Currently, managed investment trusts and their intermediaries have to clarify the nature of the foreign investor as an individual, a company, a trustee or a foreign superannuation fund. So the focus on these amendments is on the foreign residents with Australian sourced income. The Australian sourced income comprises rents, capital gains and some foreign exchange gains, but not interest or dividends because these classes of income are already subject to a separate withholding rule. So trustees will withhold a common 30 per cent from all distributions to foreign residents. However, this is the nub that the Labor Party have not realised: these foreign investors do have the opportunity of lodging an Australian tax return to get a credit for the 30 per cent tax against their tax liability of their net income—that is, the distribution less deductions such as sums borrowed to invest in the property trust. This is in contrast to the ALP’s proposed amendment as a 15 per cent final tax without deductions.

The proposal for a 15 per cent withholding tax has the effect of creating a tax concession to a group of people but which are not available to those who make direct investments. So it is the same income, but if it is made by a person who makes a direct investment they do not get this final 15 per cent. So you have got a situation where there is a breach of a principle of taxation—that is, that taxpayers on the same incomes from the same source should pay the same tax. The ALP amendment does not achieve this outcome. You have got that disparity. We have got enough of these problems that we are trying to correct, and yet the Labor Party wants to perpetuate these sorts of problems. So if a tax rate does result in a greater foreign investment, I believe this is likely to flow to an already mature Australian property market. These are the consequences.

This may have the effect of creating Australian investors out of the Australian property market. Therefore, the ALP’s property owners proposal has potential to further overheat the Australian property market at this time at the expense of ordinary Australian investments and, indirectly—here is the problem—to ordinary homeowners by jacking up the price. Originally, I had some sympathy with a 15 per cent rate. It has simplicity, and this would have had the effect of matching Australia’s withholding tax rate with those of a number of other countries. On the other hand, it would have created an environment of income being taxed differently to direct investment, and I think that is indeed unfortunate. We also have to consider the affordability issue for Australian investors and individuals, because the crowding effect would assist foreign investors to the detriment of Australians.

Questions have been asked about the competitiveness of the Australian property trusts industry. It is one of the most sophisticated in the world and has done very well and is very well managed. But headline rates do not seem to have affected the growth in the Australian listed public trust in recent years. Nor do I believe this legislation will make any change. Evidence suggests that, in recent years, these foreign resident investors in Australian property trusts, which are known in the industry as REITs, have not lodged many tax returns, as they are entitled to do, despite Australia property income having been taxed by withholding the corporate rate of 30 per cent. So the sky is not going to
fall in as a result not passing the Labor Party amendments.

The Australian property trust industry is, I believe, one of the world’s largest property trust markets, representing something like 15 per cent of global real estate property trust market capitalisation, and there has been no evidence of a flight in capital, and nor do I believe there will be as a result of this legislation. I know the financial services industry has lobbied strongly in support of the Labor Party amendment, but I have to point out that the industry is a very sophisticated one. It has a very good growth record; it has strong management and strong leadership; and it puts Australia at the forefront in financial services and contributes to Australia being a regional financial centre, particularly in this part of this world and in this time zone, which includes countries like Singapore, Hong Kong and Japan.

In fact, in 2005, 70 per cent of all funds raised were invested offshore and foreign investment in property trusts has also increased to about 15 per cent of the total equity in property trusts—a very good and commendable record. It also must be remembered—and this is the important point—that Australia does not tax the foreign income, only the income derived by the trust in Australia, which is merely a portion of the total. Therefore, this measure is only concerned with Australian sourced income paid to foreign residents. That is the limitation of the bill before us. For example—and I think this will clarify the position—if an Australian property trust invests in both Australian property and New Zealand property and distributes the income to a UK investor, there is no tax on the income from the New Zealand property because Australia only taxes foreign residents on the Australian sourced income.

The government decided not to support the Labor Party amendment to introduce a final flat rate of tax on non-royalty, non-dividend, non-interest overseas payments—I gave the list earlier—because the government regarded this as a measure to protect the revenue. Everybody wants tax concessions for some group or other, but there has to be a limit and a degree of responsibility in managing the budget, and that is why the Howard-Costello team has been so successful in leading Australia through some fairly difficult decisions to the prosperity we now enjoy. The government’s first responsibility is to protect the revenue—and Labor’s amendment would have cost a lot of revenue.

My final comment is associated with accessing financial advice. I support the government’s measure to assist investors to get access to appropriate financial advice—and some very good measures are included in the bill. But there is still some way to go. For example, for some time I have supported the notion of an up-front deduction for fees paid to a financial planner for financial advice. But the irony of the situation is that, while these up-front amounts paid to a financial planner for investment advice are not tax deductible, the trail commissions, many of which not only apply to the initial investment but can trail on for years and years, are tax deductible. So again you have this unequal playing field. I have spent a lot of my time in tax over many years in trying to make sure that we have tax equity. I think this is one area where we can not only create tax equity but help to encourage the concept of paying up-front fees rather than trail commissions, which I know some members of the superannuation committee had some problems with some years ago. I commend the bill to the Senate.

Senator HURLEY (South Australia) (8.57 pm)—As outlined by Senator Sherry, the Labor Party supports most of the measures in the Tax Laws Amendment (2007 Measures No. 3) Bill 2007. Schedule 10
deals with taxation of managed investment trusts, and most public comment has been received in that area. For my part, I want to deal exclusively with this area of the bill.

Managed investment trusts as discussed in this bill are funds that are held by an Australian entity and managed by trustees. Most are unit trusts that distribute their income fully and have investments across a wide range of assets such as property, shares and bonds. The funds affected by schedule 10 of this bill are largely listed property funds or real estate investment trusts. The Australian funds are now generally sophisticated and competitive and have attracted offshore investors. These investors are varied but include institutions such as large pension funds and other funds managers.

Until recently, these trusts have largely grown by investing in Australian assets and harnessing Australian funds. Their success attracted overseas investors, but now there is competition from other managed investment trusts in other parts of the world such as Hong Kong and Japan. This is where I would differ from Senator Watson, who says that the market has been very successful in Australia and therefore investors will not be deterred from investing in Australian funds. Other countries have now seen the value and importance of these funds and are doing their best to take over Australia’s share in these kinds of managed investment trusts.

Labor’s view is that the Australian financial sector should be encouraged and that Australia could and should be a financial hub in the Asia-Pacific area. We have the talent, innovation and expertise to make that happen. This is a view shared by the industry, and there is ample room for improvement in the services sector. Australia’s services contribute over 70 per cent of GDP. The contribution to export, on the other hand, is difficult to determine but is around 20 per cent. So there is a great disparity here. With the fast-growing Asian economies, demand over the next decade or so should be strong, and Australia is well placed to provide the high-quality service that these countries require.

The growth of the financial services sector in Australia has been exponential in the last 20 years or so. This, of course, was largely to do with the opening up of the financial sector and the financial markets in the 1980s by Treasurer and then Prime Minister Paul Keating. The financial sector now contributes 7.2 per cent, or $68 billion, of GDP.

Initiatives in superannuation—the super guarantee put in place by Mr Keating—have also ensured a strong flow of capital into funds in Australia. This is one policy that Mr Keating—unfortunately, in my view—did not address in his Lateline interview last Friday night when discussing his time as Treasurer and Prime Minister. I believe that this policy and its flow-on effects resulted in a major benefit to Australia’s economic future and to the wellbeing of its citizens, and this will continue for many decades to come. Australia is, therefore, very well poised to be a major financial services provider.

We are now riding well in current economic terms but there will come a time when the terms of trade will decline and we will look to other sectors to cover the reduction in export income from the mining sector. How long have we in this country talked about the need to get away from exporting primary industries? The progress has been slow but we certainly need to put in place now, when the economy is booming from the benefits of the resources industry, the building blocks that will take us through to an equally prosperous future. Continued growth in the financial services sector presents an opportunity for Australia—like the UK, the US, Singapore and Ireland—to deliver substantial gains in economic activity from this area. It will not be easy, of course, because Austra-
lia, as I have said, faces strong competition from other aspirants in the region—Japan, Singapore and Hong Kong.

Having expressed its strong support for the financial services sector, the Labor Party announced its policy on taxation of managed investment trusts. Labor’s taxation policy is framed to ensure that Australia will not be competitively disadvantaged compared with other countries that are becoming active in this market. Schedule 10 of the bill represents a measure that will have an important effect on the financial services sector and managed investment trusts in particular. Labor supports the broad change proposed—that is, the introduction of a withholding tax. Previous arrangements meant that foreign investors had to lodge Australian tax returns and pay tax at a variable rate, depending on their investments, of between 29 and 45 per cent. This made the taxation regime difficult and complex. The fact that the investors were based in foreign jurisdictions and sometimes acted through intermediaries meant that compliance was also very difficult.

Payment of a flat withholding tax by the managed trust will simplify and streamline taxation arrangements. Where Labor differs is in the rate at which the withholding tax is set. The Tax Laws Amendment (2007 Measures No. 3) Bill 2007 proposes a 30 per cent tax rate. From evidence given to the Senate Standing Committee on Economics inquiry into this bill, it was clear that the government expects that this is not going to be the effective rate in the end, for two reasons: firstly, that as time goes on reciprocal tax treaties will ensure that this rate is reduced; and, secondly, foreign investors will be able to gear their investments so as to claim deductions and reduce their tax rate.

Most Australians are familiar with the negative gearing allowed for housing where an investor buys a house other than his own home, rents it out and is then allowed to claim the interest as a tax deduction. The same principle applies to foreign investors in Australian real estate trusts. They often deal in large sums like $100 million rather than the couple of hundred thousand dollars that individual investors deal in, but the principle is the same. Those involved in managed trusts indicate that most foreign investors in trusts use this method of getting their effective taxation rate down to 15 per cent or less. Labor says that, if this is the effective rate, why not acknowledge this fact and make the withholding tax a flat and final 15 per cent without any deductions? This would further clarify, simplify and streamline investments in these trusts. Furthermore, it would put Australia in line with its major competitors in this market.

The 30 per cent headline rate of taxation is a disincentive for foreign investors, and it is recommended that the flat and final rate be 15 per cent or less. This is consistent with areas such as Hong Kong, Singapore and Japan, which, at this time, have much lower rates than that. In practice, the need to gear, which I have described, is a disincentive for foreign investors to invest in the Australian market. Mr Robin Speed, a lawyer, explained this to the economics committee. He said:

So, as soon as you say, ‘You’re going to be hit with a 30 per cent withholding tax,’ they say, ‘Gee, that’s a major problem for us. If it was 10 per cent, like Singapore, we can live with it, but we can’t live with 30 per cent.’

As soon as they are faced with a 30 per cent withholding tax, they will not lodge an Australian tax return. You just do not do that ... The great bulk of people out there simply do not do that and simply tune out.

Investors prefer to pay a final tax rate, as they do in other countries. They invest much larger sums in other countries where they do not have to structure their affairs; therefore,
they are reluctant to gear the relatively small sums they might invest in the Australian real estate market because it costs money to set up the structure and to claim the gearing that is required. Industry representatives at the committee all argued that the combination of the high headline rate, the absence of a final rate and the perceived administrative difficulties with gearing were enough to cause potential foreign investors in Australia to look elsewhere.

I want to talk briefly about the government’s costing of Labor’s proposal to reduce the rate to 15 per cent. That costing has no credibility attached to it as the Treasury rate for overseas investment in trust does not assume any gearing. We know, from evidence to the committee, that most foreign investors do gear. If they want to claim the interest deduction and get their tax rate down to the return that the government is talking about through gearing, they have to gear. Yet Treasury does not allow any costing for that in its estimates.

Senator Watson—Because very few people put in a tax return.

Senator HURLEY—Very few people put in a tax return because it is complex and they avoid it, and they will avoid it in future. That is precisely the point that the Labor Party is making—that you are turning off foreign investors by making it too difficult. The 30 per cent withholding rate is one step in advance, but we want two steps in advance to take it to a flat and final rate of taxation which will make us competitive with others in our area. It is a very simple premise and one which should not be too difficult for the government to grasp.

Senator Watson talked about protecting revenue. I think it was pretty much conclusively proven, although Treasury was unable to give us decent figures on this—unable or unwilling, I am not sure which—that the revenue would not be as dramatically affected as the Treasury described, because they do not take into account any gearing. So we know that their figures have to be wrong.

There was also talk about Australian investment in domestic assets now being fairly mature and that many of the funds are now investing offshore, which, of course, is not subject to taxation. But the question is: do we want to put any kind of cap on investment in Australian assets? The answer surely has to be ‘no’. Surely we have to give investors the kind of flexibility they choose and we have to allow the flexibility for capital funds to flow into the Australian investment market. Foreign capital coming in to support our assets and our investments is something that we in Australia have always relied on since we began as a colony.

The critically important fact is that, given the complexity and the compliance costs of the government’s proposed tax regime, Labor counteracts that with a proposal to abolish the need for overseas investors to pay withholding tax or to lodge a tax return and claim debt as a deduction by making the flat tax a final rate. This flat and final rate will remove a significant burden that is threatening to hold back Australia’s funds management industry from capitalising on the growth of funds under management in the region. Australia’s fund management industry is well regarded across the globe and is well placed geographically to become a financial hub for the Asia-Pacific region. A 30 per cent withholding rate could hamper the potential growth of our funds industry and I strongly support the Labor amendment on the issue.

Senator CHAPMAN (South Australia) (9.11 pm)—This evening in this cognate debate I particularly want to support the Tax Laws Amendment (Small Business) Bill 2007. The main objective of the bill is to
make it simpler for small business to determine eligibility for small business tax concessions.

In October 2005 the Prime Minister and the Treasurer announced the appointment of a task force to identify practical options for alleviating the compliance burden on business from Commonwealth government regulation. The task force was to examine ‘those areas in which regulation should be removed or significantly reduced as a matter of priority’. On 7 April last year the task force released its report, and recommendation 5.43 stated:

The Australian Government should take steps to align and/or rationalise different definitions in the tax law including ‘small business’, ‘employee’, ‘salary and wages’ and ‘associate’.

The government’s response agreed in principle with this recommendation. It noted that the 2006 federal budget increased various thresholds applying to small business tax obligations. On the recommendation of the Selection of Bills Committee, the Senate referred this bill to the Standing Committee on Economics, of which I am a member, for inquiry and report by 6 June this year. Our committee received a submission from the Small Business Development Corporation and I thank the corporation for its input and the committee secretariat for its work in relation to our inquiry on this very important legislation.

In the last decade the Howard government has recognised and supported small business very strongly. Australia’s small businesses are vital to our economy, accounting for 58 per cent of employment growth over the last six years. There are more than 1.2 million small businesses in Australia and they employ 3.3 million people. Over the past decade the number of small businesses has grown 3.5 per cent each year on average. This sector generates 30 per cent of our economic production. Forty per cent of all Australian small businesses are in regional areas. That is a very important aspect of small business.

The changes in this bill, together with the new small business entity framework, significantly increase the ability of small businesses in my home state of South Australia to gain access to various small business concessions and to reduce compliance costs, which is a major factor for businesses wishing to access these concessions. While large employers, big businesses, frequently get the majority of media headlines, in reality it is the small business sector which forms the backbone of South Australia’s economy. The mining boom is creating wealth, but small business is the driving force in many regional communities across my home state. Small businesses which employ fewer than 20 people make up more than 96 per cent of South Australian firms and employ 235,000 people—more than half of our state’s workforce. Many of South Australia’s 80,000 small businesses also have growth potential. The changes that this bill brings about will further increase the size and efficiency of the small business sector in South Australia.

These changes will reduce the compliance costs for many Australian small businesses. They will substantially simplify the tax law to make it easier for small businesses to determine eligibility for a number of concessions, and they are part of this government’s 2006-07 budget announcements.

This bill introduces a standard eligibility criterion that applies across the small business tax concessions. Entities that satisfy an aggregated turnover test of $2 million per annum are able to utilise those concessions that meet their business needs—if they also satisfy any additional conditions, not related to the business size, that currently apply to those particular concessions.
This bill also implements several 2006-07 budget announcements: the increase in the capital gains tax maximum net assets threshold from $5 million to $6 million, the extension of the rollover relief available under the uniform capital allowance system to small business entities, an increase in the simplified tax system—STS—turnover threshold from $1 million to $2 million, the removal of the $3 million depreciating assets test from the STS eligibility requirements, and an increase in the goods and services tax cash accounting turnover threshold from $1 million to $2 million.

The current tax laws contain a number of special arrangements for smaller businesses, defined in a number of ways. In the past, there have been different threshold criteria for determining what is a small business for particular concessions. The differences, albeit sensible when considered individually, have been a source of complexity and unnecessary compliance costs for small businesses. This bill amends the income tax law to create a single definition of ‘small business’, based on aggregated annual turnover of less than $2 million. Entities that do not meet the small business entity definition can still test their eligibility for small business concessions according to existing methods for capital gains tax, fringe benefits tax and pay-as-you-go instalments.

The Institute of Chartered Accountants, which recently published its own research on the small business definition in tax law, has welcomed the change. The institute has said that these changes would improve access to tax concessions and reduce compliance costs, which will also have flow-on benefits to business.

The new definitions build a strong platform of tax initiatives that this government has delivered for small business. This strong platform includes the entrepreneurs tax discount, which is delivering $1.2 billion in tax cuts for more than 500,000 small businesses, enabling them to reinvest in their business or take a well-earned dividend. The government also has directed the Board of Taxation to inquire into where small business compliance costs can be further cut. So the government is on the job—moving ahead, changing tax law, simplifying the process and requiring the Board of Taxation to make further inquiries where further improvements can be achieved. The board is a consultative board—it is not owned by the Commissioner of Taxation—and it is comprised of people who have a knowledge of small business and can assess whether the changes are beneficial.

There are currently separate eligibility tests for the goods and services tax, the simplified tax system, the capital gains tax, the fringe benefits tax, pay-as-you-go tax instalments and small business concessions. This bill is about making things easier for small businesses in Australia by getting rid of those separate eligibility tests. The bill will standardise the eligibility criteria for small business tax concessions from 1 July this year. It will create just one eligibility test to obtain a range of small business concessions. Any business—subject to satisfying existing eligibility criteria not related to business size—with an aggregated annual turnover of less than $2 million will be eligible. The bill will allow small businesses to choose the concessions that meet their business needs. Businesses will not be obliged to
adopt any concessions not suited to their particular requirements.

The concessions include a 15-year asset exemption from capital gains tax, a 50 per cent active asset reduction of capital gains tax, a retirement exemption from capital gains tax, rollover provisions for capital gains tax, simpler depreciation rules and trading stock rules, immediate deductions for certain prepaid business expenses, the choice to account for goods and services tax on a cash basis, and the choice to pay GST by instalments. The concession is also an annual apportionment of input tax credits for acquisitions and importations that are partly creditable. The bill provides for a car-parking exemption from fringe benefits tax, and pay-as-you-go instalments based on notional tax. There will be a two-year amendment period for the implementation of this bill.

The bill includes other elements. The existing eligibility thresholds for accessing capital gains tax, fringe benefits tax and pay-as-you-go instalment concessions will be retained. As I mentioned earlier, the bill will increase the maximum net asset value test for accessing capital gains tax concessions from $5 million to $6 million. And it will extend the rollover relief available under the uniform capital allowance regime to any business with a turnover of less than $2 million that chooses to deduct amounts for depreciating assets. So the bill makes a number of concessions for small business. It demonstrates the government’s continued commitment to reducing red tape and compliance costs for small businesses.

Small business brings great benefits to Australia. Businesses with fewer than 20 employees is the usual definition for ‘small business’, and there are approximately 1,888,000 small businesses in Australia. Ninety-six per cent of all businesses are small businesses with fewer than 20 employees. It is estimated that 39 per cent of Australia’s economic production is generated by the small business sector. Small businesses provide employment for some 3.7 million people—that is, almost half of all private sector employment is in small businesses. Those figures exclude small business employees in the finance and insurance industries, of which there are also large numbers. The growth in small business was approximately 25,700 in 2005-06, so small business is, indeed, on the march.

Since June 2003 the number of employing small businesses has grown by 31.7 per cent. Small business exits are not necessarily due to bankruptcies or problems; a huge number are for positive reasons, and possibly only 2.5 per cent exit due to lack of financial success. This is an excellent result and of course reflects the strong economy resulting from the Howard government’s sound economic management. Small business, as a result of our strong economy and its own initiative, is growing fast, having great success, employing about half of our population and having a positive result on the economy. Interestingly, 96 per cent per cent of small business owners have a computer and 90 per cent are connected to the internet. So there is a high degree of dependence on technology in small business today.

I referred earlier to the economics committee’s examination of this legislation. We received a submission from the Small Business Development Corporation, an independent statutory authority established to assist small businesses in Western Australia. This corporation supported the bill and noted that the single definition of small businesses is consistent with its recommendation to the Commonwealth regulation task force in November 2005. The corporation argued in its submission:

... the proposed amendments will be beneficial overall to many small businesses ...
And:

... it is unlikely that any small businesses would be worse off under the proposed Bill as no additional compliance burden should be created.

Having said that, and having indicated my strong support for the legislation, I also indicate that I am extremely concerned about an issue raised with me in relation to this legislation by a leading national advisory firm. This issue is that land-holding entities leasing a parcel of land to a related entity to conduct a business—which is a relatively common structure, especially in the case of farming enterprises—are not regarded as small business entities in themselves and therefore will not come under the extension of the alignment of the eligibility criteria. I believe this is quite unacceptable. Many farmers hold their land in a separate entity for valid asset protection reasons, while having another entity to conduct their farming enterprise. These entities are all related. There is absolutely no valid reason for excluding the asset-holding entity from the benefits of this legislation.

I believe the government must have another look at this issue. They must extend the new rules to those entities who hold assets that are leased by a related entity to conduct the business and must change the legislation to allow those entities to access these provisions. As I said, this is particularly important to the farming community. Many farmers these days hold their land assets in entities separate from those from which they conduct their farming operations. It is grossly unfair for farmers not to be able to access these concessions simply because of that asset protection provision which they maintain. Having said that, I support the legislation but I strongly urge the government to reconsider this matter and in short order introduce an amendment to allow the issue that I have raised to be solved.

Senator O'BRIEN (Tasmania) (9.25 pm)—The reason I rise to speak in this debate on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 and the Tax Laws Amendment (Small Business) Bill 2007 is that the bills contain provisions relating to forestry managed investment schemes, and it is the issues of plantation forestry and MIS, managed investment schemes, that I now wish to discuss. In response to these bills I will touch on Labor’s continued commitment to Australia’s plantation forestry industry and I will go on to discuss the government’s consistent failure to consult on the changes to managed investment schemes and failure to understand what the effect of their decisions have been and will be on rural and regional communities.

One of the most exciting aspects for the forestry industry in the past 10 years has been the growth of plantations. Over the past 10 years, plantation forestry has grown at around 70,000 hectares of new plantation area each year. This has resulted in growth in total production from one million hectares in 1994 to over 1.7 million hectares by 2005. This strong growth has been accompanied by strong investment from the private sector in forestry. Many of us will recall the days when plantation investment was largely a government responsibility. This is no longer the case, and the role of the private sector in the forestry industry, and particularly in plantation forestry, has become critical to future expansion. The private sector has not only brought new investment; it has brought with it new ideas, new varieties of trees, new products, new long-term jobs and the prospect of a long-term forestry industry.

One of the most exciting aspects of the emergence of private sector investment in plantations has been the growth in hardwood plantations. Hardwood plantation production grew from a very low base in the early 1990s to almost three-quarters of a million hectares.
in 2005. This led to a greater diversification of opportunities within the forestry industry, and particularly in downstream processing. A critical factor to consider in this regard is the balance of trade in paper products. While Australia exports about $2.1 billion worth of wood and paper products, Australia imports around $4.1 billion worth of wood and paper products. This represents a trade deficit of around $2 billion, most of which is paper products. The growth of hardwood and the diversification of species opens the opportunity to increase exports and to increase production in wood and paper products to reduce Australia’s reliance on imports. Our main export markets are Japan, Hong Kong, China and New Zealand. A greater diversity of species and value adding will expand these markets and open up new markets to Australia’s wood products.

In relation to other managed investment schemes, and particularly the non-forestry managed investment schemes, the government has been consistently failing Australia. The government has consistently and deliberately neglected to consult with the industries and the rural and regional communities that will be affected by its changes to managed investment schemes. Firstly, the government attempted to bury its decision to end non-forestry managed investment schemes back in February 2007. The Assistant Treasurer, Mr Dutton, issued a press release announcing the government’s decision at eight minutes to seven on the evening of Tuesday, 6 February this year. If the government was comfortable with this decision on this matter, why would it attempt to hide it by issuing the announcement at eight minutes to seven on a Tuesday night? Maybe the government was hoping no-one would notice and it could sneak this one through without anyone having anything to say about it. Maybe the government just did not fully appreciate the impact of its decision. Or perhaps it just did not care.

The February 2007 decision gave the industry less than five months before it would effectively be put out of business. The government undertook no consultation with the industry and in fact discouraged those who sought consultation, saying ‘it was not time for consultation’. It undertook no consultation with affected communities. Haven’t those communities been around Parliament House making members and senators aware of the drastic effects they have been suffering with that decision?

In February this year at Senate estimates it was revealed that the Department of Agriculture, Fisheries and Forestry had undertaken no research on the issue and had provided no advice to the minister. When the government made the decision to end non-forestry managed investment schemes they did not know how many jobs would be affected, they did not know how much investment would be lost and they did not know what the effect on Australia’s rural exports would be. The government used its numbers in the Senate to block a Senate inquiry which would have looked into those aspects of the government’s decision. The inquiry proposed by Labor offered the opportunity to determine what the effects of ending non-forestry managed investment schemes would be, but the government did not want to know and did not care. A few senior ministers in the government were determined to get rid of non-forestry managed investment schemes. Regardless of the merits of the decision they were going to end those schemes.

Then we had the spectacle of Minister McGauran blaming investors for the uncertainty and job losses arising from his own government’s inept decision in an article in the *Weekly Times*. With no consultation and no examination by government of the conse-
quences of their decision, the managed investment scheme industry and rural and regional communities were rightly outraged.

The government has since given a one-year reprieve to non-forestry managed investment schemes after its own back bench revolted at the decision, but it does little to allay the real concerns about job losses and lost investment for rural and regional Australia. Those communities are now dependent on a test case which the industry will take to determine whether the so-called tax ruling, which puts the industry that their livelihoods depend on out of business, is a valid one. One would have thought that there were better ways to deal with the uncertainty created by this decision. Cynics suggest that, if the tax office is beaten in the test case, the government will take further action to close the schemes down. That is not what the government has said, but there is a strong belief that that will be the case in those communities.

I turn back to the government’s response to forestry managed investment schemes in this legislation. The forestry MIS industry received consultation prior to the December 2006 announcement of the changes to the laws regulating those schemes that are now contained in this bill. However, having spoken to the forest industry, I can tell the Senate that the decision announced in December 2006 was not a component of the discussions that they held with the government. The forestry industry was taken by surprise when the government announced that 70 per cent of expenditure must be attributable to establishing, tending and felling trees for harvest.

During the recent budget estimates, neither the Department of Agriculture, Fisheries and Forestry nor Treasury could indicate where the figure of 70 per cent came from. Indeed, the Department of Agriculture, Fisheries and Forestry indicated that it did not know if the forestry industry could operate under the 70 per cent requirement. It appears that the 70 per cent requirement was plucked from thin air within the minister’s office and not through any consultation process. Certainly, that is the only conclusion that I can reach on the information that has been given to me by the industry and by the departments through Senate estimates.

Concerns have also been raised with me about the four-year limitation before secondary markets can begin. The opposition welcomes the secondary market approach and is quite prepared to support the concept that there ought to be the opportunity to trade in the products of the managed investment scheme before the investment has reached maturity. It is, of course, quite possible for the market to assess the strength of the investment, the potential future value and put a price on it during the interim stage of the growth of a plantation. With proper information that will actually place a discipline on those who promote the schemes to indicate reliable and reasonable rates of return because, if the investments in those schemes are sought to be marketed after four years, then one would expect a commercial rate of return by that time factored against the long-term return of the investment—just as with any other financial product. If the scheme is not returning a reasonable rate, then the investors are entitled to take the view that they have not been properly advised. That might have consequences not only in relation to the future business of certain advisers but also in a legal sense for some advisers depending on how they have represented themselves and the product that they are promoting in those considerations. We support the concept. However, concerns have been raised with me about the four-year limitation before secondary markets begin as this may act as a disincentive to invest in long-rotation plantations.
Representatives of the forest industry have indicated that a four-year period before secondary markets begin may be too short a time frame. It may not give sufficient time for long-rotation trees to reach a sufficient point of maturity to be assessed. So there are varying views about this, and one would have thought that the government would have had a very rigorous basis for the four-year proposal and for the 70 per cent minimum allocation of the funds invested towards the growing of the trees. But that is not apparent from the material that has been made available to the opposition and, indeed, the public through Senate estimates.

So we have a problem, where there is a lack of confidence in the industry in the regime that the government is proposing—or, if it is not a lack of confidence, then a degree of uncertainty about how the industry will be able to operate for the future with those sorts of arrangements. Clearly the government has some work to do to bring the industry along with it, with the regime that is proposed in this legislation.

From Labor’s point of view, of course, we will continue to pay close attention to the way that the regime in this legislation with respect to forest managed investment schemes plays out. We would like to ensure that, if it is possible, longer term rotation plantations are not disadvantaged, because they may create some significant opportunities for high-value processed timber coming from plantations. Some people said, historically, that we were never going to get sawn timber from plantations. We now know that that view was wrong. Sawn timber is being recovered from the *Eucalyptus nitens* species at the Forest Enterprises mill in northern Tasmania—a development that some of my colleagues back in the early nineties said would never happen. It is happening now. We need to ensure that there is an incentive for long-term rotation plantations, long-term growth, larger trees, better quality timber and the proper milling and seasoning methods to make sure that we get the highest possible value from those timbers. That is a major concern that we need to have factored into any review of this legislation, and that is the approach that Labor will be taking.

Although there are concerns about the forest managed investment scheme aspects of this bill, Labor believes that these changes do provide a degree of certainty to the forest industry which unfortunately the government has denied to the non-forest managed investment scheme industry and the thousands of people employed by non-forest managed investment schemes. In summary, we can say that we will be supporting this legislation. Indeed, we will be supporting the plantation forest industry into the future. It is important to note that this is in the context where this government continues to fail when it comes to managed investment schemes. It has failed to properly consult with the industry. It certainly has failed to consult with the communities affected. It had no understanding of the impact of the decision that it proposed to make in relation to non-forest managed investment schemes—and probably in relation to forestry managed investment schemes. It refused to permit the Senate to inquire to better inform it in relation to the effect of its decisions in both of those regards, and it has a policy clearly driven by a handful of ministers who had an ideological determination to bring to an end non-forest managed investment schemes.

We will be supporting this legislation in relation to the managed investment scheme provisions. We do think the government could have done a lot better for the people in rural and regional Australia whose livelihoods depend upon these schemes. In the future, a more enlightened view of these schemes will provide a better opportunity for these regional economies to gain the benefit
of the significant investment that managed investment schemes deliver, basically to rural and regional Australia. I have to say that many Australians believe that what this government has done in shaking off some of that investment will wreak great harm in rural and regional Australia for many years to come.

Senator WEBBER (Western Australia) (9.42 pm)—I rise to briefly make some remarks—particularly given the hour of the evening—on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 and the Tax Laws Amendment (Small Business) Bill 2007. I begin firstly by commending to the chamber the minority report signed by those Labor members and the Democrat member of the Senate Standing Committee on Economics, and I support Labor’s second reading amendment. As has been canvassed by other speakers in this debate, our main concerns in this legislation—apart from the contribution of my colleague Senator O’Brien, obviously—go to schedule 10 of the Tax Laws Amendment (2007 Measures No. 3) Bill.

As has been outlined before, Labor supports the framework of a flat rate applying to all types of nonresidents, as this measure provides, as it creates certainty and simplicity. As a result of this measure, there would be one withholding outcome for distributions of income—other than dividend, interest and royalty income—by Australian managed investment trusts and intermediaries: withholding at the company tax rate, regardless of whether the foreign resident is an individual, company, trustee or foreign superannuation fund. However, Labor does not support a 30 per cent rate. Rather, as has been outlined by our leader, Kevin Rudd, Labor supports an amendment to apply a lower flat and final 15 per cent rate.

It is our view that applying a flat rate to all types of beneficiaries of managed investment schemes provides the Australian property trust sector with compliance savings by having a single rate applied to distributions to different types of entities. This reduces compliance costs associated with tracing different types of income and different types of recipients of that income, as is currently the case. A flat rate to all beneficiaries removes the need for managed investment trusts and intermediaries to classify the nature of the foreign investor as individual, company, trustee or foreign superannuation fund. Consequently, the measure will also reduce the uncertainty regarding the obligations of managed investment trusts and intermediaries to withhold amounts from distributions to foreign residents. This in turn would improve Australian property trusts as a destination for foreign capital.

These compliance cost savings and reduced uncertainty would have the effect of increasing the efficiency of the Australian managed funds industry in providing funds management services to foreign residents. This results in the greater ability of the Australian managed funds industry to compete against foreign managed funds industries for the management of the investment of foreign residents’ savings. As has been outlined by my colleague Senator Hurley, this is a sector of our diverse economy where competition is growing. Whilst Australia, as was outlined at the committee hearings, has quite a mature sector, there are other economies that are choosing to follow our lead and diversify. It is therefore beholden on all of us to come up with a regime that maintains our competitive edge whilst restricting any impropriety that may take place in the market.

Labor was disturbed with some of the evidence given at the Senate hearings, particularly from Treasury, about the lack of consideration of gearing when costing Labor’s
proposals. Something else that was not given much consideration, when I was having discussions about this with some of the industry, was the role of wholly owned Australian subsidiaries in the market. If company B, which is a wholly owned subsidiary, borrows from company A, the offshore company, to invest in the market, then takes all the income it gets and repays it to company A as interest, it is not caught in the current regime. It will not be paying the 30 per cent flat rate. It is our view that the 30 per cent flat rate encourages that kind of behaviour, whereas a 15 per cent flat rate would make us more competitive and would remove the incentive to behave like that.

I echo Senator Murray’s concerns about some other aspects of the bill. Whilst Labor will support the bill, I am personally concerned about the lack of consultation when it comes to the special recognition that we are giving to police and defence personnel. As with the more generous spirit that Australians these days show in some of the crises that occur in our region, it is not just the AFP and defence that these days governments of all persuasions choose to put in harm’s way. We choose to send other emergency service personnel overseas and aid workers overseas. Australia itself has been the beneficiary of emergency service personnel coming to assist us in our time of need, firefighters being a classic example. We have had US firefighters come here and we have sent ours to other countries. Whilst I do not want in any way to diminish the contribution that our AFP and defence personnel make, it seems to be unnecessarily harsh not to consider the contribution that some of our aid workers and other emergency services personnel make when governments—as I said, governments of all persuasions—choose to send them overseas to risk their lives in line with government decisions. With that brief contribution I commend to the Senate the minority report and Labor’s second reading amendment.

Senator RONALDSON (Victoria) (9.48 pm)—Could I first let the Opposition Deputy Whip know that there have been some brief discussions about me making some very short comments in line with the comments she made. In my view the majority report very aptly sums up what was a very interesting debate, and I thank Senator Murray for his comments earlier. It was a willing debate but a matter of great importance. With regard to withholding tax, I think the Senate should be aware that the Leader of the Opposition gave a speech in relation to this matter justifying what I think will end up being the opposition’s second reading amendment. In justifying his position he made a very interesting comment in his speech. Talking about Labor’s proposed changes, he said:

Greater investment would also flow into Australia for Australian funds managers to invest globally. For example, a Japanese resident could place their funds for management with an Australian funds manager for investment in an appropriate third country market.

Guess what? There is no tax. In the example that underpinned this issue, the rationale for attracting greater inflow of funds, in the speech of the Leader of the Opposition, there is no tax payable. How could the Leader of the Opposition in relation to a matter he views as important as this give an example of why we should adopt Labor’s position and attract greater inflows by a reduction when there is no tax payable? What extraordinary ignorance of the current situation. As one of my colleagues said, clearly no focus group was involved in this. So if it was not a focus group driving Labor’s policy, who was driving it? Who was advising the Leader of the Opposition to justify a policy change which had no substance? I do not think it was Senator Sherry. I hope it was not. I would be surprised if it were. The Leader of the Opposi-
tion, in his desperation to cobble something together for a budget reply speech or the outcome of it, has completely misunderstood the principle of withholding tax. If he cannot be trusted in relation to something as simple as this, how can the Australian people possibly trust him in relation to the running of the economy? This is a tax on domestically generated income. The example given by the Leader of the Opposition is not taxed, will not be taxed and has not been taxed in the past, so the justification for this policy change has fallen at the first hurdle.

It was also a very interesting debate with Treasury. What evidence did we hear during the 3½ to four hours of the committee hearing? We heard that, since 2004 when the commissioner effectively put in a process at 30 per cent, to my recollection, the inflow of funds went from $100 billion to $150 billion. This is a policy that apparently is stopping the inflow of funds into this country and yet it went from $100 billion to $150 billion.

The other issue from a policy point of view that the Labor Party has to address is: why are they prepared to effectively subsidise foreign treasuries to the detriment of the Australian taxpayer? What possible justification can the Australian Labor Party give to the Australian taxpayer for subsidising foreign treasuries to the detriment of the Australian taxpayer? The recommendation of the committee was that, when it suited this country when negotiating double taxation agreements, we could negotiate other rates. Did the US demand during our recent discussions with them that we reduce our rate? No, they did not. They did not demand that we reduce it from 30 to 15.

This is a sovereignty issue. This is a tax issue. The Australian Labor Party is asking this chamber and the Australian people to deny us the right to negotiate a reduction in this tax that suits this country and suits our domestic purposes. By moving this amendment, and by driving forward with the opposition leader’s false premise for a change, they are effectively asking Australian taxpayers to put their hands in their pockets and potentially provide more to foreign treasuries.

I am aware of the hour of the night, but as chair of that committee I did want to make some comments. I am sorry that I do not have another 12 or 15 minutes in which to do so. I thank the chamber most sincerely. There was a difficulty with the speakers list, but I thank the opposition for their indulgence in relation to this matter.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Finance and Administration) (9.56 pm)—I would like to thank senators who have taken part in the debate. I will hopefully get my comments sorted out before 10 o’clock, although we will be back tomorrow to complete this by the look of things now. I will try to be brief. The Tax Laws Amendment (Small Business) Bill 2007 amends the law to make it simpler for up to two million Australian businesses to determine their eligibility for a wide range of small business tax concessions. The bill also delivers on a number of the government’s 2006-07 budget measures. The measures in this bill demonstrate the government’s ongoing commitment to reducing red tape and compliance costs for small business.

Schedule 1 of the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 amends the tax integrity rules concerning private company distributions to reduce the overly punitive nature of the existing provisions and to reduce the extent to which taxpayers can inadvertently trigger a deemed dividend. Schedule 2 will ensure that certain superannuation contributions made during the period of 8 December 2006 to 30 Jan 2007, such as
those made by a friend, are included in the non-concessional contributions cap calculation that covers that period. Schedule 3 will improve the taxation of Australian resident testamentary trusts by ensuring that an income beneficiary of such a trust need not be assessed on capital gains of a trust from which they will not benefit. Schedule 4 will allow nondependants of a member of the Australian Defence Force or any Australian police force or protective service killed in the line of duty to access the same concessional tax treatment for lump sum superannuation death benefits as dependants. Schedule 5 will extend an existing transitional period under the thin capitalisation rules by one year to enable a thorough assessment of the impact of the thin capitalisation rules of adopting Australian equivalents to international financial reporting standards. Schedule 6 of this bill will reduce the compliance costs for companies by repealing the dividend tainting rules, which are no longer necessary following the introduction of the consolidation regime and simplified imputation system. Schedule 7 of this bill clarifies the existing interest withholding tax exemptions by more closely specifying the types of financial instruments that will be eligible for the exemption. Schedule 8 inserts new rules to ensure that investment in forestry managed investment schemes is encouraged to facilitate the continued expansion of our plantation forestry estate. Schedule 9 makes amendments to require Australian trustees to collect tax on trust taxable income payable to the trustee of a foreign trust. Schedule 10 of this bill enables Australian managed funds to collect a non-final withholding at a single rate, the company tax rate, on distributions of Australian source income to nonresidents that are not dividends, interest or royalties.

I commend the comments of the previous speaker on the opposition amendment. I again thank those who have participated in the debate and commend the bill to the Senate.

Question negatived.

Original question agreed to.

Bills read a second time.

**ADJOURNMENT**

The **ACTING DEPUTY PRESIDENT (Senator Chapman)**—Order! It being 10 pm, I propose the question:

That the Senate do now adjourn.

**Australian Labor Party**

**Senator BERNARDI** (South Australia) (10.00 pm)—Being a good government is tough. It takes determination, discipline, persistence. It requires conviction and the courage to lead—not simply to be a slave to the latest focus groups.

Under this government, Australia is enjoying prosperity not experienced since World War II. Our unemployment rate is the lowest that it is been for 32 years, with a record 10.4 million people now employed in Australia. Employers are experiencing record low levels of industrial action. This has helped create a more productive economy. Australian employers and employees are getting on with the job. This is boosting wages and increasing productivity across all sectors of the economy. This is bad news for the Labor Party and for the Labor Party’s union bosses, but it is good news for Australia.

The recent federal budget was further proof of the benefits of the Howard government’s experienced economic management—tax cuts, a $500 bonus for pensioners, the superannuation co-contribution scheme, a balanced budget with a strong surplus. All of this was possible through the responsible financial management of this government.

There is another group of people—a rather dysfunctional group of people—purporting to be an alternative government of Australia.
It is fronted by Mr Kevin Rudd and is backed by the extreme views of the unionists. Mr Rudd and his team are trying to pull the wool over the eyes of the Australian public. How else can we explain it? Mr Rudd says he is an old-fashioned Christian socialist on one day, and a short time later he denounces socialism as a discredited ideology. I am sure that statement will come as a great disappointment to the socialists on the front bench of the other side. Mr Rudd said that he is an economic conservative but he has voted against every prudent fiscal measure that has delivered such prosperity to our great nation. The Labor Party are happy to rip up AWAs yet profit from common law contracts.

Labor say they are not captive to the union movement, but they are installing their union bosses in their safest seats. The list of contradictions in Labor’s platform, policies and leadership could run for many pages. If we cannot rely on what they say, we can only rely on what they do and what they have done. We know of Labor’s federal history of 17 per cent interest rates, high unemployment, poor productivity, rampant industrial disputes. They gave us the recession we had to have—allegedly. Then there were the business bankruptcies. They gave us a country devoid of hope and optimism. In fact, it was ‘hard Labor’ for Australian families.

Mr Rudd would have us believe that he represents a different Labor Party. For an insight into what this means, we do not have to look any further than at the state Labor governments around Australia. As a proud South Australian, I lament the lack of vision and opportunity afforded to our state by the state Labor government. Labor Premier Mike Rann was part of a previous Labor government that nearly bankrupted South Australia. Now he is at it again. In South Australia net state debt is scheduled to grow tenfold over the next four years. Public sector debt is forecast to top $3.4 billion by 2011. That is still a way short of the last Labor legacy of an $11.6 billion deficit that was left after Labor’s state bank disaster during Premier Rann’s first attempt at being in government. This has been achieved despite receiving billions of dollars in additional revenue courtesy of the economic and tax reform of the federal government. State Labor—not content with their GST income—has seen fit to slug South Australian families with ever-increasing taxes and charges.

It is beyond belief that in these prosperous economic times—with more money than ever before flowing into the state governments, courtesy of this federal government—the Rann Labor government is increasing fares on public transport, increasing water supply charges, increasing motor vehicle registration. In South Australia we have got levies and stamp duty slugs and we have got no coherent plan for managing the future. So where has the money gone? It is a very good question. Quite simply, it has been squandered through appalling financial management and reckless spending. This has happened not just in one area but in all areas of state spending. State Labor budgeted in South Australia for an increase of 1,971 full-time public service positions, yet the actual increase was 12,065. This is not a one-off investment in frontline services—in police or teachers or nurses, which are important roles; this is an additional annual cost of $650 million every year, propping up a paper-shuffling bureaucracy.

This explains why the South Australian Labor government is one of the worst performers when it comes to investing in our state. In fact, the South Australian Minister for Transport, Mr Patrick Conlon, was recently quoted in the South Australian parliament’s Hansard as saying:

We believe one of the best ways to achieve funding for that road may well be to keep it as a local road and get onto one of the special project grants

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that are rolling out from the Commonwealth at the moment.

While Labor do the Pontius Pilate and wash their hands of their responsibilities—and they have done that for over five years—South Australia has recorded the smallest growth in infrastructure spending of all the mainland states. Over this time, our unfunded WorkCover liability has exploded to more than $1 billion. This is a disaster for injured workers and for South Australian employers, who are forced to pay the highest rate of workforce injury insurance in Australia. What is Mr Rann’s response to this crisis? Alarmingly, it is very much like Mr Rudd’s whenever he is faced with a crisis: he is going to convene a committee or hold a summit, have a review and determine a policy agenda after the federal election.

In South Australia this is going to cost taxpayers another $800,000 simply because the Rann Labor government is not prepared to make a decent decision. So while the federal Liberal government has been paying off Labor’s legacy of debt and putting surplus money away to meet our future liabilities, the state Labor governments are spending at a frightening rate. The real benefit of the economic management of the federal government to Australian families is being hampered by state Labor. In typical Labor fashion, they will leave a mess behind that only the Liberals are capable of clearing up.

South Australia has the highest unemployment rate in mainland Australia. Our growth forecast is the lowest of all mainland states. The Rann government is the highest-taxing government in South Australia’s history. We have underfunded superannuation liabilities of over $6.1 billion. We have a River Murray levy but no state government plan for water security. The Rann Labor government is not providing stamp duty relief for struggling homebuyers. Shamefully, they are the first South Australian government to collect more than $1,000 million in property taxes—land tax and stamp duties. Broken promises—this is Labor’s legacy. It is the same with federal Labor’s legacy. In South Australia the Rann Labor government has had $2.9 billion extra every single year that is being simply wasted.

Who can forget the mess that federal Labor left us after the Hawke-Keating governments finished in 1996—a $96 billion debt, a $10 billion annual deficit and a weakened national credit rating. The current state Labor governments are heading down exactly the same path as their federal and state predecessors. It is clear there is nothing different about the tax-and-spend attitude Labor held during the eighties and nineties and their current tax-and-spend policies. But do not take my word for it. The poor performance of the state Labor governments has even attracted the attention of the Menzies Research Centre, which recently published a report entitled State of the states. The report, by a distinguished international economist, is an examination of the typical Labor fundamentals: overspending, budget blow-outs, public servant salary increases, low productivity, low economic growth and low investment in infrastructure. The states have received record windfalls. Where is it going? There has been no noticeable improvement in service effectiveness. They have increased real expenditure but they have seen a decline in productivity.

According to the report, state taxpayers are getting less bang for their tax buck. But in the rare circumstances where state Labor have actually decided to make a decision to invest, their priorities have been simply wrong and subject to massive cost blow-outs. There is a $100 million blow-out on the Port River Bridge, an extra $25 million on government spin, and the cost of an important hospital redevelopment has exploded from $60 million to $317 million. The list of poor
decisions, poor management and poor government from South Australia’s state Labor government is shameful. It is back to ‘hard Labor’ for the people of South Australia.

But let us not forget about how they love to tax. If a Rudd Labor government were elected federally, they could get together with their state comrades and change the level of the GST. Wall-to-wall Labor governments in Australia would make this a real and frightening possibility. We cannot afford a federal Labor government. I say to the good men and women of Australia: do not be fooled by the smokescreen of Mr Rudd; ignore the empty words and the focus group sound bites. Consider Labor on their record. It is a record this country simply cannot afford. (Time expired)

Toowoomba: Hanna Family

Senator MOORE (Queensland) (10.11 pm)—Tonight I want to acknowledge in this place the wonderful contribution that a remarkable family of Lebanese migrants have made to my hometown of Toowoomba and also the Darling Downs generally. I had heard that there was a celebration in Toowoomba a couple of years ago to celebrate 50 years of Hannas stores in Toowoomba. That piqued my interest because, growing up in Toowoomba, the Hanna family are indeed an icon for our community. I felt that it was important that we acknowledge the wonderful work that this family has done in my town. I was very happy to find out that several years ago Bond University, in the special program looking at the issue of family businesses in Queensland, published a book called Stars Under the Southern Cross, which was developed by students at Bond University, talking about family businesses in Queensland. In fact, it is subtitled The Untold Stories of Queensland’s Family Businesses. Mr President, I think this could be the subject of many an adjournment debate.

I was pleased that Judith Hanna had actually contributed to that publication in 2000. That got me thinking about what my own memories were of the Hannas in Toowoomba and also some history of the way that this family came from Lebanon in 1939. At that time they came from the community of Kfarsghab in Lebanon. They came to the Darling Downs via Sydney, which was the normal way that many people came. I see Senator Joyce across the chamber here. He would know that there are large numbers of Lebanese families living profitably and valuably in Toowoomba. I was lucky enough to grow up in a community that had many Lebanese families—the Betros, the Moses, the Bou-Samra’s—many others. But always Mr and Mrs Hanna—the matriarch and patriarch of the family. Hannas store in the centre of Toowoomba provided service to so many families.

In terms of the background, Mr Hanna’s history reflected that of so many others who came to make a go, a new life, in Australia. He came with his wife Lavina and brand new baby son Joseph, who is now an active member of the community in Toowoomba. They came in 1939. They originally went out to Goondiwindi to work with other people who had emigrated. Originally, like so many people from Lebanon, they started working in the community taking around fruit and veggies—selling in the local community, establishing themselves and establishing their business and providing direct personal service.

They later made a transition into the drapey business. I do not think there would be anyone who has worked or lived in Toowoomba who does not know the Hannas Family Department Store. We have watched them grow. In fact, it was when they celebrated their 50th anniversary that I realised I had grown up with them in town. Not only the amazing service and the way they had
developed such a strong business in the area, but I think that extra generosity in community service that has become synonymous with the family name Hanna in that town. I know that when my own family was going through a pretty rough time when I was young, my mother was able to receive service at the Hannas family drapery, providing us with uniforms that would make us able to go to school at that time with a smile, with understanding and sensitivity that helped us over a very bad patch. And I know that that is only one story of so many in that community.

When Mr Hanna died he was 83 and had his funeral at my family church, St Anthony’s. My dad and Mr Hanna shared a couple of passions. One was their dedication to the local community, one was their feeling that there was one church only and that was St Anthony’s. I think that was the only way you could have certainty in your life, that St Anthony’s was where the church services were held. When Mr Hanna died and had his mass service there in 1998, and I do remember it, more than 800 people turned out for that particular service. There was a quote there that I remember, which sums up the man:

Mr Hanna was a special person. He was my idea of a thorough gentleman. He had such dignity and manners. I shall always treasure the warmth and friendliness with which he and Mrs Hanna welcomed me into their home.

When Mr Hanna died he was survived by his wife Lavina, 10 children, 35 grandchildren and 10 great-grandchildren. I know that that has been added to since that time. That sums up in many ways the contribution that people from Lebanon made to my local community. I know now that Dr Anne Monsour has developed a body of work looking at the role of Lebanese migration into the community. That is being built up now and it is something we can look to with pride. Also when we see the horror that is occurring in modern Lebanon, we can feel with the people who are sharing our lives in Australia and understand that they are torn by what is happening to their homeland and see that we are blessed with peace here, which is not able to be shared by many of their families overseas.

When Mr Hanna was building up his business in Toowoomba and in the local area, he was able to bring his special style of service and translate that into the development of a very effective business. There were stories about the way that he would help people out. There were stories about the way that he worked most closely with his community. I do want to tell one story that was well known in the local community. Judith has printed it in her story. It was when Mr Hanna was making the transition to the drapery side of things. He was able to travel to different places and work with people and sell from his van, which developed from a small van up to a bigger one then to his store in Toowoomba. The story goes—and I do believe it is true; it has gone into legend in Toowoomba—that he was visiting a local farm and he was talking to one of the farmers there who wanted to buy a bra for his wife. He asked the man what size would be required. The man confidently replied that a six and seven-eighths would be just about right. Mr Hanna was a bit concerned about this and said, ‘Sir, I don’t think this is the size.’ The man went on to say—and not with gestures—that that was in fact his hat size and he knew that that was the right size for the purchase that he made. Remembering Mr Hanna, remembering the joy with which he provided service across his area, I can well believe this is a true story.

I remember, just thinking back, the wonderful laughter that would spread out from Mr Hanna when he was mixing with our community so often with his generosity of spirit when he was providing donations—
most often without selling himself or his family or talking about what he was doing—and the amazing generosity that he gave in various donations, particularly to the local football clubs, community clubs. I know the local branch of the family now in the horse-racing sector, but I can hear the laughter that Mr Hanna would have, particularly when he was dealing with that farmer.

We need to acknowledge the wonderful contribution that families like the Hannas and so many others have been able to make to our community. We acknowledge their business acumen because now we know just how successful businesses such as theirs are. But more than that, it is the commitment that families such as the Hannas have made to their local communities, that long legacy of family values, of commitment, of their hope that they are able to provide a better future for the children that they are bringing into their new world while maintaining a very strong commitment to their own country. I know that we have been made better in our community by the contribution of the Hanna family. We acknowledge and celebrate their success in business, in the development of their family activities and in the way that they have given so much from such a very difficult start. I commend this family, I commend the work that they have done and I hope that we can provide more messages to people who are making that decision to start a new life to work more effectively in their communities. I see and I celebrate with them and I hope that we can hear much more about family businesses that have contributed to our Queensland landscape.

The PRESIDENT—Thank you, Senator. I always enjoy your contributions in the adjournment debate.

Queensland Government

Senator TROOD (Queensland) (10.20 pm)—I was listening with great interest earlier in the adjournment debate to some remarks made by my colleague Senator Bernardi about the administration of affairs in the great state of South Australia. I could not help but think that there was a pattern here because, as it happens, this was a theme I proposed to take up myself this evening but in relation to Queensland. I have to say to my colleague that when it comes to maladministration, the South Australian Labor government are amateurs compared with the incompetency that exists within Queensland on a regular basis and which has occurred over many years. It is not just maladministration of the budget, as Senator Bernardi pointed out in relation to South Australia; the Beattie government is responsible for consistent, repetitive and debilitating maladministration of Queensland policy. I call it public policy by trial, by smile and by guile. This is a unique form of public administration, one which is unlikely to be found in any of the textbooks.

It works a bit like this. The Beattie government, having failed to address matters of administration within the state, imposes massive inconvenience on the citizens of Queensland, deprives them of services and, in some cases, imposes life-threatening circumstances upon them—as, for example, with our water crisis or in relation to hospital administration. Having imposed the trial, which creates massive burdens on Queenslanders, both individuals and businesses, we move onto the second phase of this particular form of administration, where Mr Beattie usually smiles. He apologises. He says he is sorry. He perhaps admits some wrongdoing, and he sincerely undertakes to fix the problem. Then he moves into the guile phase of administration, in which he tries with his not inconsiderable political skills to address the problem. So there is a masterful display of activity, a flurry of decisions and, of course, a large amount of money thrown at problems which
should have been addressed much earlier than they were. It is all too late by that time, because, when we get to public administration of this kind, it costs two, three or four times as much to address the problem as it would have if it had been done in a timely and appropriate way.

If this were a one-off event—if this were a situation that occurred perhaps once in a term of government—then perhaps Queenslanders might be generous and they might forgive the government. But, as I said, this is serial behaviour. It does not just occur in one area of administration; it occurs in almost all: family services, health, transport, water infrastructure, mental health, police services and the ports. I could go on. Through almost every area of public administration for which the Queensland government is responsible there has been failure, if not a complete collapse of public policy. It is management by crisis. The default position is to create the crisis, deal with the crisis and then try to manage the crisis. There are not too many public administration texts with which I am familiar that recommend this as a form of public policy management.

I could talk about many areas of public administration, but let me take up the theme that Senator Bernardi took up in relation to budgets, because, of course, the Queensland budget was only recently introduced into the parliament. One could talk at some length about its shortcomings, but let me just mention two areas of notable failure. First of all, there is the matter of debt. When the Beattie government came into office in 1998, Queensland had no debt. If you look at the budget papers for 2007-08, they disclose that there is a surplus of revenue over expenditure. On the face of it, this all looks very encouraging. The government is participating in sound financial management. But, if you look more thoroughly at the budget papers, what do you find? You find that the state government is spending and borrowing. There has been $16 billion borrowed in relation to infrastructure. That is on top of the $18 billion already part of government debt in relation to government corporations and a further $12 billion which will also be incurred in debt in relation to further government corporations. So, by 2009-10 there will be a debt for Queenslander of something in the vicinity of $46 billion, which is going to cost Queenslander in the vicinity of $600 million a year in interest payments, equal to the cost of running various public services throughout the state on a yearly basis.

Why is this necessary? Because there has been a complete failure to plan the public affairs of Queensland. The Queensland Labor government has failed to discharge an elemental responsibility of government—to plan ahead. Knowing that 1,500 people are moving to Queensland on a weekly basis, the government has consistently ignored the consequences of that kind of migration. Beattie called his Treasurer, Anna Bligh, ‘Bligh the builder’, but Mr Seeney, the Leader of the Opposition, got it right—he called her ‘Bligh the borrower’.

Second of all, let me take up the theme of GST. How easy it would have been to better manage the state’s finances with all that GST revenue coming into Queensland. Since 2000, $46 billion has flowed into the coffers of the Queensland government through GST revenue. This year, 2007-08, there is an expectation that something in the vicinity of $8.4 billion will also flow into the treasury. One cannot help but wonder what would have happened to the administration of Queensland if those funds had not been available over the period of the Beattie government. It barely warrants thinking about.

Of course, this GST revenue, Mr President, as you well know, was part of a deal. The states, including Queensland, were to
receive this money for removing 10 state taxes. Has Queensland kept its side of the bargain? Like all states, it has completely failed to do so. Every day, Queenslanders are required to wear the burden. Thus far Queensland has discharged no more than half of its responsibilities in relation to the GST. Five of those taxes remain in place, including the ones that hurt the most: stamp duties on the transfer of assets. The Beattie government has not just failed to remove taxes; it has actually added taxes—part of the guile strategy—calling those new taxes ‘levies’. There was a new ambulance tax in 2003 and a new new-and-used car sales tax this year, a car tax which is supposed, according to Mr Beattie, to be about tackling global warming. The Queensland Treasurer, of course, gave the game away when she told the real story: ‘This is to assist spending in relation to social services.’”

The RACQ spokesman, Gary Fites, had it right when he said: ‘This is nothing more than a revenue grab dressed up in green clothing.’

I could talk about every area of public policy in Queensland. I could draw the Senate’s attention to the maladministration that exists in every single area of government responsibility and discuss each one in detail; but clearly I have almost run out of time tonight. Instead, I will very quickly talk about the failures of the ambulance service. This is a large service, with its many members dedicated to the health and public good of Queenslanders, yet the service is in complete disarray. Staff—95 per cent of those surveyed—are in wide agreement that they have to work under unsatisfactory conditions. A levy which was imposed in 2003, as I said, was supposed to fix the problem but has failed to do so. There is poor management, bad shift rosters and a large number of other concerns—(Time expired)

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**Nuclear Energy**

**Senator ALLISON** (Victoria—Leader of the Australian Democrats) (10.31 pm)—I rise tonight to talk about nuclear power. Mr Howard tells us that nuclear power is needed in this country to deal with climate change. He says that it and so-called clean coal are the only ways to make big cuts in emissions. He also says that it is safe and clean and that it has been around for a long time. At present, 15 per cent of the world’s electricity is generated from nuclear reactors, and that has not changed much in many decades. In fact, no new reactors have been commissioned in the big nuclear power states like the United States and the United Kingdom for more than 30 years.

Global warming has given the dying nuclear industry the much needed reason to argue that it has the answer. With Australia’s vast resources of coal and gas, nuclear energy was never before contemplated in this country—that is, until Mr Howard met Mr Bush and came home insisting that we needed it. I can just imagine the conversation: Australia’s lead would encourage other countries to go nuclear and to buy our considerable reserves of uranium, making up for the inevitable demise of our coal export dollar. As a nuclear power player, Australia could get into the lucrative uranium enrichment business and then there are the vast areas of land in outback Australia just waiting to be exploited for the world’s radioactive waste.

Last week, Harold Feiveson, a senior research scientist at Princeton University, brought a reality check to this debate—this so far very one-sided debate. He said that it will be 2030 at the earliest before any renaissance of the nuclear industry is felt globally and any inroads are made on greenhouse emissions from this source. Could this possibly be the reason that Mr Howard now so
vigorously resists a 2020 target? We heard ad
infinitem how well Australia is doing at
meeting our generous Kyoto 2010-12 target,
so why is it that resistance has now emerged
to a target 10 years later? Apart from the fact
that even government departments say that
our emissions will blow out in 2020 by over
120 per cent, we have another reason. With
the usual ‘leave it to a task force but do noth
thing’ plan, even if huge public funding is
found to build 25 nuclear reactors, they will
have no effect for more than 20 years.

With two-thirds of Australians opposed to
a nuclear reactor in their backyard, which is
backed by all of the state governments, it
may take this long just to decide on the ap
propriate sites, let alone have them built and
operational. We know that they will have to
be on the coast because reactors consume
over a million litres of water every day for
steaming and cooling and, with the perilous
state of our water supplies, seawater is the
only option—and, of course, the coast is
where most Australians live. Then there is
the issue of cost. Despite efficiencies in re
cent years, reactors are still more expensive
to run than, say, wind farms. At $2.5 billion
to $3.5 billion each to build, nuclear reactors
will require massive public subsidies. Even
the Treasurer, Mr Costello, says of nuclear
power: ‘It’s got things going against it, par
ticularly the price.’

Only one reactor has been commissioned
by Western countries in the last 30 years,
partly because of the cost in construction and
in decommissioning. While we have had no
major meltdowns in recent years, the United
States is extending by 20 years the operating
licences of their reactors. This delays the
inevitable cost of dismantling them, but it is
reasonable to ask just how safe it is to extend
their life with the stroke of a legislative pen.
Presumably, there is some reason to suspect
that, if they are built to last 40 years, keeping
them going until they are 60 is a risky busi-
ness. On top of that, we are told that the like
lihood of a terrorist attack has not gone
away; indeed, it is said to be the reason that
forces must stay in Iraq. In 1970, a terrorist
attack on a nuclear reactor would have been
fanciful, but 9/11 taught us otherwise. Acci
dents and terrorist attacks are unlikely in
Australia for now, but this month’s an
nouncement that we would have our own
missile defence system and the dreaded Tal
isman Sabre military exercise with 20,000 US
troops in the pristine Queensland setting of
Shoalhaven Bay, not to mention our in
volvement in attacking Iraq, surely makes us
more of a target than we were before. Any
one of the 25 proposed nuclear power plants
would have to be much more attractive to
your average terrorist than Loy Yang.

The prospect of more nuclear power
worldwide also has very real consequences
to weapons proliferation. More states than
ever have nuclear weapons outside the nu
clear nonproliferation treaty. North Korea
was the latest to join, and the United States
accuses Iran of being the next. We would
argue that this is not a good time to be pro
moting nuclear power to counter climate
change. The more nuclear material out there,
particularly in countries regarded by the
West as unstable, the more prospect there is
of fissile material falling into the hands of
non-state actors. If this were to happen, the
so-called mutually assured destruction disin
centive would not work, even if it ever did in
a world with 27,000 nuclear weapons.

And we cannot say, as Mr Howard does
on climate change, that on our own we make
no difference. Australia and Canada, two of
the wealthiest countries in the world, have 90
per cent of the world’s uranium. With such
vast resources comes a special responsibility
and yet the Prime Minister seems to be seri
ously contemplating selling uranium to India
via the United States. India is a nuclear
weapons state that refuses to sign the nuclear
nonproliferation treaty. This deal now looks likely to fail, but only because the Democrats in the United States are questioning what this means for the integrity of the NPT. Once again, Mr Howard is firmly in Mr Bush’s back pocket, doing his bidding regardless of how dangerous that might be.

We joined the United States in attacking Iraq because of non-existent weapons of mass destruction and because Saddam Hussein was said to want nuclear capabilities. Now we say nuclear reactors are the panacea to climate change. But it is not possible to decouple nuclear power and nuclear weapons. Even in the unlikely case that our uranium could be kept out of India’s nuclear bombs, it frees up uranium that would otherwise be used for power generation.

However, of all the problems with nuclear power, nothing is worse than the waste; it is the most problematic and the biggest impediment to its wide-scale use. The Yucca Mountain project in the United States state of Nevada provides a stark example. Studies of the Yucca Mountain site began in 1978. It has been dogged by political and geological doubts about its suitability. Even if it goes ahead it will only become operational in 2017.

Nevada, like South Australia, was required to host nuclear weapons testing and has huge tracts of contaminated land to show for it. It is a state that does not generate nuclear power and sees no reason why it should accept the radioactive waste from elsewhere. Yucca Mountain is indigenous land, as is the case for the low- and medium-level waste dump proposed for the Northern Territory. The Yucca Mountain repository will cost about $US100 billion, but by 2010, seven years before it is proposed to be opened, the United States will have stockpiled more waste than it can store there, so the drawn out process of finding another dump will have to start all over again. It is little wonder that Mr Bush was keen on the prospect of sending US waste to Australia.

In order for nuclear power to have any real impact on climate change it would need to grow five-fold around the world. This in turn means a five-fold increase in waste, and until this fundamental problem can be solved—if it is ever possible to solve—it would be foolhardy to continue the nuclear industry, let alone expand it. Massive cuts are needed in greenhouse emissions so concentrations of CO₂ in the atmosphere do not rise to a point where climate change will be catastrophic. Even cuts of 60 to 80 per cent by 2050 will result in a two degree warming of the planet which, scientists tell us, will result in more melting of icecaps, sea level rises, more storms, lower rainfall and a slowdown of the ocean currents responsible for weather patterns that make large parts of the world habitable. It only makes sense to use nuclear power if there is no alternative and we are in no hurry. But, sadly, neither is true.

There is a plethora of technologies—wind, solar, biomass, geothermal, hot rocks, wave and tidal power—and unlimited resources to power them. They can be built immediately, leave no intractable waste and are cheaper than nuclear power, provided you take into account the cost of ensuring that the extremely hot, highly radioactive waste is safely contained for hundreds of thousands of years. *(Time expired)*

**Australian Labor Party**

Senator **FIFIELD** (Victoria) (10.41 pm)—In February this year I rose in the adjournment debate to lament the political demise of the member for Isaacs, Ms Ann Corcoran. Ms Corcoran, as senators will be very well aware, is a diligent and hardworking local member who is well regarded on both sides of the chamber. You will recall that Ms Corcoran fell foul of a factional fix to move
on some very decent members of parliament. The move failed in the case of Mr Crean but succeeded against the member for Corio, Mr Gavan O’Connor, and Ms Corcoran. Despite this, I can attest that Ms Corcoran is still working hard. I regularly receive her ‘Corcoran Isaacs News’ and see her at most community functions I attend in Melbourne’s south-east.

The individual who won preselection against Ms Corcoran was Melbourne silk Mr Mark Dreyfus QC. Mr Dreyfus was installed by the ALP central panel despite being heavily defeated in the ballot of local party members. Mr Mark Dreyfus QC may be known by Victorian senators opposite as the author of the 1998 Dreyfus review into the Victorian branch of the ALP. In that report Mr Dreyfus stated:

Membership makes a party, not the other way around. Labor is, or should be, people—not vehicle, not structure, not hierarchy.

Yet it was structure and factional hierarchy, not people, that secured Mr Dreyfus his preselection.

Senator Conroy interjecting—

The PRESIDENT—Senator Conroy, we have to put up with you for 20 minutes later on; I do not want you to start now, thank you!

Senator FIFIELD—Mr Dreyfus went on to say:

A measure of the party’s self-confidence should be an easing of the discipline, the ‘closed back-room-ness’ that formal factionalism inevitably brings.

I guess Mr Dreyfus was banking on this easing of factionalism occurring only after he had managed to secure his own preselection. The fact is, rotten though the process may have been, Mr Dreyfus is the endorsed ALP candidate for Isaacs. You might expect, having been preselected over a year ago, that Mr Dreyfus would be living in the electorate he seeks to serve—you might, but you would be wrong. He lives in Malvern in the seat of Higgins, and he has no intention to move either before or after the election.

Senator Conroy—You are a genius!

Senator FIFIELD—Mr Dreyfus told the Age on 7 February last year that the measure of a good MP is not where they live but how hard they work for local people. But he remains unabashed. Only last week—

Senator Conroy—Mr President, I rise on a point of order: does reading the Age into Hansard constitute giving a speech? Is it relevant?

The PRESIDENT—Senators quote from all sources, Senator Conroy.

Senator Conroy—Or just read slabs of the Age into the Hansard.

The PRESIDENT—There is no point of order.

Senator FIFIELD—It is not just the Age. Mr Dreyfus is unabashed and unashamed. Last week he told the Chelsea, Mordialloc, Mentone Independent that it is not where you—

Senator Conroy—Mr President, on a point of order: I was just wondering, now that he has demonstrated how well read he is, if it is relevant at all to be just quoting from—

The PRESIDENT—Senator, if you are going to continue to take frivolous points of order, I will have to come down on you. Remain quiet.

Senator FIFIELD—I closely read not just the local papers but also everything that Mr Dreyfus produces. He has produced a lot of material in the electorate of Isaacs—a lot of personally addressed mail. It is a very slick, professional, well-financed, union backed campaign. I must admit to being surprised not to read anywhere in Mr Dreyfus’s material that he does not live in the elector-
Nowhere does he mention that he lives 20 kilometres away in the suburb of Malvern. Nowhere in his material to the electorate does he mention that he has no intention to move, and nowhere in his direct mail to his prospective electors does he mention that he has no intention of moving.

But what I have read, in his personally addressed letter to residents of May 2007, is that Mr Dreyfus is keen to represent ‘you and other local residents’. He uses the word ‘local’ to try and convey that he is local. In the same letter he also invites the same local residents to fill in a survey so he can ‘be a strong voice for our community’. He refers to ‘our community’ as though he is part of it.

In another letter, back in March of this year, Mr Dreyfus informed residents that he was standing as ‘your local Labor candidate’. He uses the word ‘local’ again as though he lives just around the corner.

You could not say he fibs. You could not say he lies. But he does seek to leave the impression that he is local. But to be local means you live in the area. We know he does not. We know he lives in Malvern. Even being charitable, to claim to be local means you must at least work in the area, even if you do not live there. But we know Mr Dreyfus does not work in Isaacs. He has chambers in the city. The location of Mr Dreyfus’ chambers—

Senator Conroy—I rise on a point of order. Does putting your office in an electorate make you a local, Senator?

The PRESIDENT—There is no point of order, Senator. If you continue on in that fashion I will have to name you.

Senator FIFIELD—Mr Dreyfus’s chambers are in Bourke Street. The location of his chambers shows he does have a bit of a sense of humour. His chambers are in Latham Chambers.

You cannot sneak around using the words ‘our’ and ‘local’ and pretend to be a local. The people of Isaacs will not be fooled. Mr Dreyfus spruiks a post office box in Mentone, and a back-alley shopping strip address in Chelsea, as his point of contact. But it takes more than a database and a mail-merge to show that you have local knowledge.

Mr Dreyfus is not relying on hard work and local commitment to win Isaacs. His campaign is extremely well resourced. He has the unions behind him, he has the local state members behind him and he has the Bracks Labor government behind him. Today, under the headline ‘Silk’s purse’, we learnt that documents obtained by the Herald Sun under freedom of information reveal that Mr Dreyfus was paid handsomely by the Bracks government to help them foist a toxic dump on the people of Mildura.

I told the Senate on 8 February this year that Mr Dreyfus was paid in excess of $50,000 for this task. I was wrong. The Herald Sun revealed today that Mr Dreyfus was not paid $50,000; he was paid $340,000. Now, it will not surprise anyone to know that Melbourne has no shortage of barristers. There are plenty of them around but the Bracks government managed to pick and pay one of their own. So, you have a well-known friend of the Bracks government pocketing $340,000 to prosecute an issue on behalf of the state government against the wishes of the people of Mildura.

But perhaps there is some good news for the people of Isaacs in this $340,000. Perhaps Mr Dreyfus could use this $340,000 pocketed from the Victorian taxpayers to buy himself a home in the electorate—to move into the electorate and start engaging with the community. I would like to be helpful to Mr Dreyfus. I know Mr Dreyfus has a successful and busy practice at the bar. He is a busy man, so I have gone to the trouble of
helping him out. I jumped on realestate.com.au this afternoon and have located a selection of properties which would neatly fit within his price range—the $340,000. There is a lovely two bedroom unit in Station Street, Carrum, for $345,000. According to the advertisement you can ‘see the boats from your front window and walk 100 metres to the beach, supermarket and train’. Not a bad spot!

There is another nice unit in Bridges Avenue, Edithvale, for $345,000, and it comes with a stone and stainless steel kitchen and ducted heating. That sounds nice. In Clifton Park Drive in Carrum Downs there is a three-bedroom house for $339,000, complete with a meals-and-family room that opens onto a sunny paved pergola entertainment area. Or perhaps the address that is more to Mr Dreyfus’s taste is Chardonnay Drive in Skye. There is a four-bedroom house for $339,000 with a great outdoor entertaining area and rumpus/theatre room. All of these properties would enable Mr Dreyfus to live in the electorate, and all of them are within his budget—or thereabouts—of $340,000 courtesy of the Bracks government and Victorian taxpayers. All of them are locations which are good enough for the people of Isaacs, but not good enough for Mr Dreyfus.

In contrast, the Liberal candidate, Ross Fox, lives in the electorate. He participates in local community groups. He is fighting for local issues. He is out and about in the electorate, talking to people, finding out about the issues and working to address them. He is not waiting for the outcome of the election before he starts working to earn the trust of the people of Isaacs; he is seeking to earn their trust now. When Ross Fox wants to visit the Mentone Post Office, he need only stroll a few blocks. He does not have to drive 20 kilometres to collect his mail from the PO box at Mentone, as Mr Dreyfus does.

Mr Dreyfus ignores the people of Isaacs and he ignores their local papers. Time and again the words, ‘Mr Dreyfus could not be contacted,’ appear in the local papers. The editor of the Chelsea, Mordialloc, Mentone Independent said on 13 February:

Since his endorsement early last year I have found Mark Dreyfus very difficult to track down for a comment on anything.

If this is the approach Mr Dreyfus intends to take when he seeks to become a member of parliament, one can only imagine how he would conduct himself in seeking to represent the people of Isaacs. Mr Dreyfus cannot be bothered winning a local preselection. He cannot be bothered talking to local journalists. He cannot be bothered moving into the electorate. But he can be bothered picking up a cheque for $340,000 from the Bracks Labor government. I think Mr Mark Dreyfus QC has his priorities wrong. He should just admit he has no interest in representing the people of Isaacs. His only intention is to seek to win the seat of Isaacs to try and become Labor’s Attorney-General. That is not a good enough reason to seek a seat in parliament.

The PRESIDENT—Senator Fierravanti-Wells.

Senator Conroy—Thank goodness—a bit of class!

Australian Labor Party

Senator FIERRAVANTI-WELLS (New South Wales) (10.52 pm)—Thank you, Senator Conroy. Tonight, I too want to focus on Labor’s record on financial management, or, should I say, financial mismanagement. This is the same Labor Party that under Paul Keating gave us the ‘recession we had to have’, 17 per cent interest rates for homeowners, 22 per cent interest rates for business and record unemployment. That is hardly a shining record in government. Labor’s idea of financial management was to leave a budget deficit of $10 billion and a
huge $96 billion net government debt. Under Labor we had high inflation, 0.2 per cent real wages growth and downgrading of credit rating, twice—and the bad economic statistics go on. This is the appalling record of Labor in government.

It was the Howard government that had to fix the appalling mess that was left, and what did we then get from Labor? Opposition and more opposition. Labor opposed every substantial measure to return the budget to surplus and reduce debt, and it now has the temerity to try and tout some degree of economic credibility. Labor obstructed us every step of the way. Every single reform that has strengthened our economy Labor has opposed. At every turn, Labor has chosen the path of short-term expediency over Australia's long-term economic interests.

Now that the Howard government has returned the budget to surplus and eliminated Labor's debt, the Labor Party comes along here wanting to claim the current strong financial position as its starting point. Now the Leader of the Opposition wants to claim there is no real difference between the opposition and the Howard government. All our policies—balanced budgets, low tax, an inflation target, structural reform and flexible workplaces—are his policies too. As the Prime Minister recently said:

Mr Rudd wants you to believe that the Coalition is Tweedledee, Labor is Tweedledum, as if a few soundbites can extinguish 11 years of policy indolence and opportunism ...

But let's look at Labor's actions rather than their words. Indeed, if we want evidence of how Labor would manage federal finances, we need only look at state Labor governments. The facts are as follows. While the federal government is running a $10 billion cash surplus this year, the states will run a combined cash deficit of $3 billion. This is despite the almost $40 billion of GST revenue that the states will get in 2006-07—expected to grow to $46.6 billion by 2009-10. While the federal government is running an $11 billion fiscal surplus, the states are running a combined fiscal deficit of $6 billion. When you add in state government businesses like water and power utilities, the cash deficit being run by the states this year rises to a staggering $14 billion. States collectively will be borrowing this $14 billion on the markets this year, and over the next four years they will borrow a total of $50 billion. While the federal government has eliminated net debt and is placing money in the Future Fund, the Labor states are out there running up debts of $50 billion. The borrowing binge is being led by New South Wales, which will borrow $6 billion this year. Queensland will borrow $4 billion and Victoria will borrow $2 billion.

In the absence of criticism, it is clear that federal Labor are condoning this borrowing binge by their ALP mates in the states. We have seen this re-emergence of state budget deficits driven in part by a frenzy of infrastructure spending designed to make up for years of neglect, which in turn is complicating our macroeconomic management task at the national level. Federal Labor's failure to criticise this fiscal irresponsibility means that they support the substantial cash and fiscal deficits being run by state Labor governments. This is not sound financial management.

As a result of the Howard government's reform of the tax system on 1 July 2000, every state and territory is better off than it would have been had the reforms not been implemented. All states and territories will receive much more revenue from the GST than they would have under the previous system of financial assistance grants and the state and territory taxes that were abolished under the new tax system. In 2007-08, the states will receive GST revenue totalling an
estimated $41.9 billion, and this is expected to grow to $48.9 billion by 2010-11. The budget estimates indicate that no state or territory will require budget balancing assistance in 2007-08 or in any year over the forward estimates. Moreover, consumers and businesses will benefit by $5 billion in 2007-08 due to the abolition of the inefficient state and territory taxes. Indeed, the states will be collectively better off by $3.2 billion in 2007-08, with these gains from the reform of federal financial arrangements growing to $4.6 billion by 2010-11.

Implementation of the intergovernmental agreement has already delivered significant economic benefits as a result of abolishing several inefficient state taxes from as early as 1 July 2000. The value of the revenue forgone from the abolition of these inefficient taxes is an estimated $4.1 billion in 2007-08. I want to focus for a moment on the agreed state and territory timetable for the abolition of the state taxes listed in the intergovernmental agreement. In 2006, the Howard government agreed with the states on a schedule for the next tranche of state tax reform. The value of the revenue forgone from this second tranche of the abolition of state taxes is estimated to be a further $950 million in 2007-08, growing to $2.3 billion by 2010-11. The states have so far refused—yes, refused—to fulfil their intergovernmental agreement commitments by agreeing on a timetable to abolish the final tax listed in the intergovernmental agreement, namely stamp duty on conveyances of real non-residential property. The abolition of this tax would save taxpayers $2.8 billion in 2007-08. The Howard government will continue to pursue the abolition of this tax.

Earlier, my colleagues spoke of Labor’s record in South Australia, Queensland and Victoria. I want to focus on what is now the biggest of the big spenders: New South Wales. The taxpayers of New South Wales today have every right to ask (1) where all of the record amount of GST money has gone and (2) why the New South Wales government, on top of all this GST, is also borrowing to the tune of $6 billion. New South Wales has doubled its general government sector net debt since the 2003 election and on its own figures will double it again by the next election. This year, the New South Wales government will run a $2.4 billion fiscal deficit and a $3 billion cash deficit.

The reason for these deficits is the fundamental problem that, over the last five years, spending has grown on average by one percentage point more than revenue each year. Any household knows this cannot continue indefinitely without ultimately resorting to borrowing. New South Wales has gone from being the engine room of the Australian economy to the most underperforming of all the states. Indeed, we see a two-speed economy illustrated most starkly by the growth differential between states like Western Australia and New South Wales.

The latest growth figure in New South Wales of just 1.4 per cent is the lowest of all the states. New South Wales has also amongst the highest unemployment rate of the states. As I have said, this is a state that has received record GST—$10 billion in 2007-08—and is a lot better off than it would have been without the Howard government’s tax reform.

One of the principal reasons for the low growth rate in New South Wales is that the New South Wales taxing rate is the highest in the country. The New South Wales Labor government has repealed the vendor tax, which had stopped the New South Wales property market well before interest rate rises. In New South Wales Labor has imposed 24 increased tax measures. There have been over 50 rises in government charges since it has been in office and nine fare in-
creases since 2005. Where has all the money gone in New South Wales? This is financial mismanagement at its worst; this is Labor’s specialty; this is their record at federal and state levels. Under federal Labor there were no performance indicators because they never specified what outcomes government spending was designed to achieve. This is very much in keeping with state Labor government financial management, where all the focus is placed on inputs—like the pay and conditions of public service employees—rather than outcomes for parents, patients, motorists and citizens.

In conclusion, all of this highlights the fact that Australia’s current prosperity cannot be taken for granted. The singular test of any government is its willingness to take decisions it knows to be unpopular today in order to build tomorrow’s prosperity. This is the test that the Howard government has met over and over. We have met it right across the spectrum: on the waterfront, in paying debt, in reforming social security, in reforming workplace laws, in reforming the tax system, and in ensuring that state governments have the revenue they always pleaded for to fund schools, hospitals, roads, police and other responsibilities. (Time expired)

Fiscal Responsibility

Senator FAULKNER (New South Wales) (11.02 pm)—Mr President, I seek leave to speak for 20 minutes.

Leave granted.

Senator FAULKNER—The Prime Minister never tires of puffing himself up and taking credit for Australia’s economic performance but, when it comes to managing public spending, it is clear that the Howard government cannot master the basic fundamentals of economic management: fiscal responsibility. The Department of Defence is a case in point. The Defence portfolio budget for 2007-08 is $22 billion—9.8 per cent of government outlays or approximately two per cent of gross domestic product. These funds go towards: the government’s capital program; support and maintenance of platforms and systems; the administrative functions of the department; and, critically, the ADF’s recruiting, training and support of the men and women who defend and protect our country and interests. At long last, the government has recognised the challenge of retention and recruitment and has projected substantial funds in future budgets. I am happy to acknowledge this belated and overdue increased support for the men and women of the ADF.

The 2007-08 budget statement also reminds us of the costs of the current deployments to Afghanistan and Iraq. The economic consequence of this government’s continuing involvement in Iraq is often overlooked. Iraq has cost Australia around $2 billion. Just think of the impact if the equivalent amount of money had been invested in counterterrorism and supporting failing states in our region. Irrespective of who wins the election this year, the next series of defence budgets will be under considerable pressure. That is why budget investments and expenditure of defence moneys must be efficient and effective. It is called fiscal responsibility.

Fiscal responsibility starts with a plan: a plan that takes account of strategic circumstances and provides unequivocal guidance to the ADF and DMO leaders who are charged with its implementation. A plan needs to be kept up to date if it is to fulfil that role, and all stakeholders have to stick to the plan. In other words, the plan is near worthless if it is not updated or if, as we are increasingly seeing, there is political interference. The Defence Capability Plan links the government’s strategic guidance with the practicalities of building and sustaining military options. However, as soon as the strate-
gic guidance becomes old news, the value of the plan is discounted.

The government has failed in fiscal responsibility on two counts: first, the current defence white paper was produced in 2000 with little incremental strategic guidance provided since; and, second, the government has initiated several purchases, including C17 aircraft and new interim FA18 Super Hornet air combat capability that appear to be in response to short-term considerations. Because there is little up-to-date strategic guidance—at least in the public domain—taxpayers are unable to account for where and why funds are being allocated. Commentators are left to speculate, based on the pattern of purchases, what the strategic guidance or direction of the government is. We are all left to wonder if the acquisitions of C17 aircraft, Abrams tanks or the amphibious ships represent a shift in the ADF’s posture.

The Howard government is asking the taxpayer to trust it to wisely use funds which include real budget increases of three per cent annually. But we ought to ask if that trust would be well placed. We ought to ask if we can be confident that a budget line that represents nearly 10 per cent of government outlays is being, and will be, well managed.

Let us start with alignment: alignment between the capability and sustainment plans and the current and projected budgets. Let us look at the reliability of the budget estimates and projections. Dr Mark Thomson, the highly regarded analyst, has in the past six months spoken of the unaffordable Defence Capability Plan. Dr Thomson, speaking on his own account, points to a consistent trend of underestimation. In his speech to the ADM conference this year he identified a $5 billion gap between budgeted operating costs against historical trends, implying that defence is insufficiently funded to operate platforms. And this is before we consider the impact of major new purchases like the air warfare destroyers and amphibious ships. If this is valid criticism, it points to a government failing to recognize cost realities and placing undue stress on the ADF’s finances—or a government whimsically committing to major programs without a full budget alignment.

In the past three years, great improvements have been made inside Defence in restoring confidence in financial accounts and in professionalising the DMO and capability development process. I applaud those efforts of the senior Defence leadership. I note, however, that the government’s own recent study, the April 2007 Defence Management Review, commented on a lack of accountability and cost-consciousness. Furthermore, the review noted the unsatisfactory relationship between the office of the Minister for Defence and the department. Clearly these symptoms are an indictment of the succession of defence ministers under the Howard government and the Prime Minister himself, who has been the one constant during all these ministerial changes.

The Howard government’s record with the defence capital program is now very clear. Cost overruns, schedule slippage and delivery of reduced capability are becoming the standard outcomes from any major program that this government manages. No discussion of the Howard government’s failures in the defence capital program would be complete without reference to the Seasprite. With the Seasprites we have a benchmark of financial mismanagement. The program cost is in the order of $1.1 billion. The government, through the National Security Committee of Cabinet, has rolled the Minister for Defence, Dr Nelson, and decided to expend more money on the Seasprites. In the words of the minister, the Seasprite review:
... examined how to resolve these [performance and safety related] issues so that the best possible capability can be provided to the Royal Australian Navy.

There was no mention of ‘fix the problem’. We still do not know if the additional $60 million expenditure will be sufficient to satisfy the original operational requirements for this helicopter. However, we do know that the government’s priority was all about minimising the political damage.

The multibillion-dollar budget blow-outs of the past 10 years have left little or no credibility in the government’s budget projections. Think of the interim Super Hornet capability, the Joint Strike Fighter, the amphibious ships or the air warfare destroyer. There is simply no way of knowing how these projects will be funded in the future. There is no way of knowing what other capability requirements might suffer as a result of the uncertainty surrounding future capital investment. There is no way of knowing if the pay and conditions of ADF members will be affected in the future or if there will be an impact on recruiting and retention.

The cost of supporting the platforms and weapons systems represents a further major slice of the budget. Before commenting on how the government manages this part of the defence budget, it is instructive to consider the realities of the defence budget. Much of the defence budget is locked in. By that I mean that it almost falls into the non-discretionary category. Personnel and other costs for the three services and costs of maintaining the services of the Defence Support Group, the Defence Materiel Organisation and the administrative functions are largely ongoing, given a particular force structure. Add to these cost elements the expected capital expenditure, which in any year can vary from plan due to timing differences, most often due to delays in major acquisition programs.

So here we have the challenging element of the budget model. The higher the value of capital assets acquired, the greater the cost of supporting these assets. In a tight budgetary environment, the higher the value of capital assets, the lower is the fund for support. It is also reasonable to conclude that, when overruns in any particular program occur in the acquisition phase, there is less money for support. We cannot have confidence that this big-spending government has provided for support costs. With inadequate support funding, capital assets are underutilised or not fully available for training and operational deployments.

On 8 May 2007, Minister Nelson elaborated on the budget announcement of $4 billion additional funding for logistics and support. The minister’s statement includes some puzzling claims:

The additional funding will boost inventory stock holdings and allow for improvements in inventory management and accounting practices to lead to a more functional and efficient inventory management system.

The application of better ‘inventory management’ practices usually means lower and more targeted expenditure on spares and consumables, but this does not seem to be Minister Nelson’s meaning. There is the worrying implication that stocks and spares have been so run down that operations have been affected. And we are still left to wonder how much of the $4 billion will be spent on inventory management and accounting practices. We are left to wonder if this funding allocation is to get better systems and to wonder where all of this places project JP2077, the enhanced military logistics information system. This investment in major new physical distribution assets will have an impact on the Defence Integrated Distribution System, the DIDS contract, which is still not fully operational or performing to the
original specifications. I quote the minister again:

Australian Defence industry will be a major beneficiary of this boost in funding.

If indeed it is a boost in funding, presumably due to the purchase of additional spares and consumables, we are entitled to ask why these support requirements were not already programmed into the budget projections for the platforms; or, if these requirements arise from a new level operational tempo, we are entitled to ask why these costs have not been placed to the account of the Iraq, Afghanistan or other deployments. The minister yet again:

Together with other new Budget measures, additional logistics funding is a key component of the Government’s commitment to providing the resources, equipment and services needed by our servicemen and servicewomen.

I would hope that any Australian government would fully provide for the men and women of the ADF. Based on the minister’s statements, we have to wonder if this Howard government has in fact done so to date. The Howard government’s scorecard on fiscal responsibility in the Defence portfolio is a solid fail—a fail on managing major acquisitions and a fail on optimally funding support of the platforms to ensure serviceability and availability.

Many questions about the government’s approach remain, and getting the answers to those questions will not be easy. This is a government that has a history of nondisclosure. In 2003, the Senate inquiry into materiel acquisition and management in Defence urged enhanced reporting of major program status. This was echoed by the government’s own Kinnaird review. The ANAO has also recommended that regular and systematic project reporting be instituted. Labor also supports the concept of regular independent reporting of the top 30 DMO projects.

Fiscal responsibility is underpinned by disclosure of timely and relevant information and a willingness to allow scrutiny. The Howard government clearly does not subscribe to this view. The last word on this matter should go to Dr Thomson, to whom I referred earlier. He is quoted in the Australian Financial Review of 25 May 2007 as saying:

With an election due this year transparency of future Defence costs is vital.

Unfortunately it does not seem that the Howard government is listening.

Defence

Senator MARK BISHOP (Western Australia) (11.19 pm)—Tonight I again raise the matter of this government’s ongoing spin doctoring of defence; specifically, how it uses public affairs to gloss over some of its more embarrassing gaffes within Defence. In that I include the number of media releases drafted for the Kovco and Sea King boards of inquiry, how much money is being spent on travel for Defence PR purposes and how much money the government spends on embedding journalists in Iraq.

This is not the first time I have raised concern over such ongoing spin doctoring. Late last year I revealed how much this government spends on Defence public relations. I showed how in 2005 it spent nearly $18 million on a Defence public affairs division. That division churned out more than 1,500 media releases. Among other matters, these media releases put a positive spin on poor morale amongst ADF personnel, government inertia over reforming military justice and cost blowouts on defence procurement projects. In each case the media releases ignored the facts and put out a somewhat contrived positive story.

It is now a year or so on and, as the answers to my questions showed, that trend continues. Let us look at two boards of in-
quiry held last year, both of which were roundly judged to be lacking in their terms of reference and their eventual outcomes. First, there is the case of the board of inquiry into the death of Private Jake Kovco. You might recall, Mr President, that this inquiry was criticised for failing to be sufficiently independent and for the poor quality of evidence delivered at the subsequent inquiry. Similar criticisms were levelled at the board of inquiry investigating the failed Sea King helicopter crash. I note that we are still awaiting the outcome of the latter inquiry.

What is of interest here is how the government’s public relations machine went into overdrive for both inquiries. Their aim was to gloss over the shortcomings while highlighting political points. For example, there were no fewer than six media releases drafted for the Minister for Defence, Dr Brendan Nelson, over these inquiries, and that is not counting the spin put out by the minister’s own office. On top of that, the government drafted a further 21 media releases for board members of the Kovco inquiry. Then the government saw fit to send a full-time public relations officer to the Kovco board of inquiry just to make sure journalists attending the inquiry were given ‘the right information’. That is apart from the staff in Defence’s public affairs division assigned to handle media inquiries emanating from the inquiry. Then there are the briefs compiled for the minister on these boards of inquiry. Apparently, no fewer than 122 briefs have been sent to Dr Nelson on the Sea King board of inquiry—and we are still waiting for the minister to release the findings of that inquiry. Furthermore, he received, he received it or not, a total of 64 briefs regarding the Kovco board of inquiry.

To digress, I raised the matter of ministerial briefs at Senate estimates recently. I was told that up to 40 such briefs cross the minister’s desk every day. Yet, in spite of all that advice, the minister still managed to bungle the repatriation of the body of the late Private Kovco. Imagine the public relations effort that went into trying to save the minister from that mess which he himself created.

The real question is: how much is all this costing the taxpayer and what is the net result? I will lay a bet that the money spent on sultans of spin writing media releases and submissions and giving public relations advice to the minister was three times the paltry $7,000-odd spent on assisting Private Kovco’s family for the funeral. Style over substance is the mantra of this current government. Indeed, the public relations machine propping up the government’s faltering image over its handling of defence matters seems to grow by the day. For example, the government’s public affairs division wrote a total of 94 media releases for Minister Nelson in the nine months leading up to April this year. In the same time, the PR merchants drafted a further 53 media releases for the Minister Assisting the Minister for Defence, Mr Billson, and another 53 media releases for the Parliamentary Secretary to the Minister for Defence, Mr Lindsay. That is about 198 media releases in nine months, or close to one a day. Remember that this is a government that spent $18 million in the last financial year in this division alone on public relations and media. That is an awful lot of money spent on putting the right spin on defence matters—ensuring a muted truth sounds no warning bells for controversy.

My questions also disclosed that this government spends more than a quarter of a million dollars each year maintaining its Defence website. I am all for the government using a website to promote defence and to disseminate information, but I also note that the minister places on this webpage his own media releases, media alerts, transcripts of interviews and parliamentary speeches—
information, coincidentally, that is also found on the minister’s personal webpage.

Money is not just spent on writing media releases; the government has also spent more than three quarters of a million dollars on travel and accommodation for its Defence public relations team in the past nine months. I did ask related questions, such as for a breakdown of these costs, but the minister responded that this information was too difficult to aggregate and he declined to provide it. Consequently, one can only speculate on where such a travel budget would take public relations staff and whether such travel is entirely necessary.

This brings me to the final point I would like to address this evening: embedded journalists. This concept was first used by the United States government in 2003 when it embedded journalists with troops in the Iraq war. The purpose, according to that government, was to provide the media with unlimited access to battlefields. An unstated purpose, of course, was to ensure the dilution of journalistic independence in covering such controversial battles. It appears this government has taken to embedding Australian journalists in the same way. Beginning in October 2006, it has embedded 26 journalists in theatres of war in Iraq and Afghanistan. A more bizarre sponsoring was that of a journalist from Ralph magazine. The overwhelming number of these journalists were embedded with troops in Iraq. Furthermore, most were from commercial media outlets—just six journalists represented the ABC, SBS and AAP.

So this is where the government is spending millions of dollars of taxpayers’ money—on professional spin, making sure information is controlled by and from a central source and making sure facts are enamelled with sufficient gloss to render them palatable to a sceptical public. This is aside from the billions spent on political advertising by the current government. The money this government spends on spin for defence is outmatched only by the amount it spends on litigation. Its annual budget in the litigation area in 2005-06 was $57 million, out of a total budget for that financial year of close to $20 billion. Litigation and spin takes up much time and even more money when it comes to the government’s take on defence. If only it afforded a similar budget to speeding up reform of military justice or of ex-gratia payments to the families of ADF victims of suicides.

Let us see the substance to this government’s claim that it is genuine about reforming Defence, a portfolio that has seen billions of dollars worth of failed procurement projects and that is facing a crisis in the recruitment and retention of personnel. Let us see less spin, less style and more substance. Only then will the public lose its cynicism when it comes to government promises and only then will Defence be truly reformed.

Communications Electrical Plumbing
Union Election

Senator CONROY (Victoria) (11.29 pm)—Mr President, I seek leave to speak for 20 minutes.

Leave granted.

Senator CONROY—At some point in the next few months, Australians will be asked to have their say on who they believe should hold government and, as a result, influence the day-to-day lives of millions across the country. Many people take their vote seriously, and they are right to do so. They also expect that candidates for office should treat the voice of voters seriously. In Australia, we have had over a century to refine the way that people get to cast their ballot. We have established a detailed process to ensure fair, transparent voting and to give
voters the confidence that the election system has integrity.

Besides having responsibility for managing general elections, the Australian Electoral Commission is an important guardian within the democratic process of unions. It plays a vital role in ensuring that union members can feel that their vote is being validly cast in union elections. Recently the AEC had its role tested by people wishing to derail an election occurring within the New South Wales communications division of the CEPU. Fortunately, the AEC took strong steps to maintain the integrity of that ballot.

Today, I think it is important that extra steps are taken to shed light on the behaviour of those who do not value the voting rights of union members. On Friday, 1 June 2007 the ballot opened for various federal and state positions of the CEPU communications division. This division of the union represents postal and telecommunications workers. The AEC informed candidates that it intended to post ballots on this day. Just after 12 am on 1 June 2007, the AEC is believed to have lodged these ballot papers with Australia Post. The AEC ballot papers started arriving at the homes of Australia Post’s employees—CEPU members—less than 12 hours later. I must commend Australia Post because, for the first time that many can recall, a customer was able to mail their material early on exactly the same day that the end recipients received the mail. With nearly 10,000 AEC ballot paper envelopes being issued in New South Wales, a high volume of mail like this—as sensitive as this mail is—would ordinarily be processed through Australia Post’s state-of-the-art sorting machines. The envelopes would then be marked with a printed barcode detailing the date when the item was processed. It would even tell you which machine processed the mail—very impressive. However, CEPU members received envelopes clear of such markings, except for some members whose envelopes were machine marked and sorted on 31 May, not 1 June. I will return to that issue shortly.

On the same day—1 June—union members received another envelope. The envelope bore the logo of the CEPU and it had a return address marked on the front belonging to the CEPU’s New South Wales postal and telecommunications branch. Inside the envelope was a letter printed on union letterhead that urged a vote for the secretary of the New South Wales branch, Jim Metcher. It referred to a how-to-vote card titled ‘The Official CEPU Team’ which bore photos of the past and current officeholders of the union. It made disparaging reflections on Mr Metcher’s rivals, and it was signed by Mr Metcher. Many know that it is wrong to use union resources to urge a vote for a union candidate and that it is wrong to send election material using union envelopes and postage during an election. Mr Metcher knows this. Ordinarily he would be in strife, but for one thing: the material, the envelope, the letter, Jim Metcher’s signature and the how-to-vote are all fake. It was a fraud designed to make a reader think it was sent by Mr Metcher. On the same day as the fraudulent letters were issued, the AEC was informed of these dishonest acts. So on 1 June, CEPU members received the ballot papers posted on 1 June by the AEC, the fraudulent letter and the how-to-vote of another candidate, who is opposing Mr Metcher.

Mr Metcher posted his how-to-vote material in two batches: on Thursday 31 May he posted material bound for all members outside the Sydney region and on Friday 1 June he posted material for Sydney based members. When did Mr Metcher’s material arrive? A trickle appeared on Monday, but the bulk was processed and delivered well after rival applicants’ material had been received and considered by voters. In some regional areas, it took four working days for it to ar-
rive despite it having been posted in advance. A few days after the first fraudulent letter was issued, another letter was received. Australia Post management knew of the letters in circulation as Mr Metcher had reported the fraudulent letters to one of Australia Post’s senior New South Wales executives.

I would be interested to know what Australia Post did to prevent acts of mail fraud in its system. From the perpetrator’s perspective, the letters were having the desired impact. I will quote from an email of a CEPU member:

I must apologise as I voted away from the normal team I normally vote on—which was your team—as I was swayed by the content of that letter ... The letter arrived amongst all other union voting information from all sides.

It looked legitimate and it gave the impression you were ... well, self-centred.

Hence the way I wanted to add my vote was polluted. I had up to this point in time received many different flyers which I did recognise as being slanderous.

The AEC was also notified of this dishonest act and it did not take long to respond. It issued a letter to all New South Wales voting members of the CEPU alerting them to this misleading material. Importantly, in the interests of members being able to cast a validly and properly informed vote, the AEC called on members to apply for a fresh vote if they believed that they had been misled by the fraudulent material. I understand that all candidates in the New South Wales branch elections were informed that the AEC would be taking this action.

So what happened next? On the same day as the AEC letter landed in members’ letter boxes, a third fraudulent letter accompanied it. Disturbingly, Australia Post was complicit in the processing and delivery of these three, separate fraudulent items. After the third fraudulent mail-out the CEPU, at both state and national level, wrote to Australia Post to request its assistance on behalf of a paying customer to clamp down on this fraud. I seek leave to table the letters to Australia Post. I have circulated those.

Leave granted.

Senator CONROY—Any customer, particularly a small business, would be horrified to think that someone would duplicate their business logo and approach their customers and misrepresent their business. What was Australia Post’s response? I understand that Australia Post has still failed to act in the over 72 hours since it was formally notified—a terrible signal for any customer concerned about mail fraud.

But this all does not end here. There is one final matter I wish to raise. Apparently, in mid-May an advertisement was placed in the employment section of the Sydney Morning Herald. The advertisement called for people to apply for the position of doorknockers with a ‘market research’ company. Applicants were handed a company document on letterhead bearing the name ‘Australian Market Research’, whose advertised address is ‘Level 1, 8-10 Palmer Street, Parramatta, phone (02)85691801, fax (02)85690157, ABN: 28 792 929 309’. It also contained the heading ‘Urgent: market researchers required this weekend Queen’s birthday long weekend (9-11 June)’ addressed to applicants’ names and addresses. A yellow coloured instruction document addressed ‘Commercial-in-confidence’ was provided to applicants who attended the seminar training. The following is of particular interest. This document was provided to applicants with a kit containing a union candidate’s how-to-vote pamphlets—that of Mr Gary Jenkins, who is standing as a candidate for New South Wales P&T branch secretary. The kit also contained Gary Jenkins’s business cards, a sheet of 30 CEPU
member names and addresses, and a large express post envelope.

Why the express post envelope? An applicant for this position gave an in-depth explanation of the entire process. The applicant advised that he responded to the job advertisement and attended the training seminar at the Rosehill Bowling Club on 1 June 2007, the same day that the CEPU ballot opened. The applicant received $60 in cash, in addition to a further $20 because the company directors were one hour late in conducting the training session at the advertised time. This applicant received the full kit and 30 names and addresses of CEPU members living in Lidcombe, Western Sydney. Applicants were told to attend these addresses and approach CEPU members to collect their ballot papers. An express post envelope addressed to AMR was issued to doorknockers to help them quickly return these ballot papers.

I have to admit, I am surprised applicants were given an express post envelope, because it appears that anything to do with the CEPU election gets same-day delivery service from Australia Post management! Sensing that something was amiss, this job applicant advises that he did not contact any of the members. In fact, the only people he did contact were the New South Wales Department of Fair Trading and the Australian Electoral Commission, as he believed the AMR company to be of a suspicious nature. But he also knew that the practice of collecting AEC ballot papers from CEPU members at their homes is prohibited by the AEC.

Who is behind this front organisation, Australian Market Research—a company with a supposed national focus that concentrates squarely on union voters in Western Sydney? A thorough investigation of Australian Market Research—AMR—and its owners is very revealing. AMR is not a listed company with the Australian Securities Investment Commission. So who runs it? The Australian business number has belonged to a sole trader entity, Mr Peter N Jones, since 2004. In these elections, Mr Jones is running as a candidate for assistant secretary of the New South Wales P&T branch. He was, in fact, formerly employed by the CEPU before being dismissed for serious and wilful misconduct. So Mr Jones is hardly a long-time market researcher. If you visit Peter Jones’s AMR headquarters at level 1, 8-10 Palmer Street, Parramatta, what do you find? Signage belonging to another company—Bowdens Group Water Servicing. I am told they are an accredited supplier to Sydney Water Corporation. Sydney Water once employed Mr Jones’s wife, but I doubt Sydney Water or its contractors are supporting the housing of AMR’s national headquarters.

After the 2003 CEPU elections, Mr Jones appeared before the AIRC, where the commission had reason to note that Mr Jones had admitted that his actions in previous CEPU elections were ‘dishonest’. During the case even Mr Jones conceded under cross-examination that some of his anti Jim Metcher material was ‘misleading’ and ‘inaccurate’. Let me read for a moment from the AIRC decision, where it was put to Mr Jones that his election material contained lies. Mr Jones responded:

I think a lie is a strong word but I concede that people might apply that to it, yes.

That is page 6 of the decision. The decision contains transcripts from the hearings where the CEPU’s lawyer pointedly asks:

You lied?

Mr Jones:

Well, yes, I agree with you ...

This is an admission from a man who wants to be elected second in charge of the largest state branch of the CEPU’s communications division. In late 2003, it is understood that
Mr Jones approached federal minister for health, Tony Abbott, no doubt to provide information about the CEPU, and Mr Abbott helpfully referred him to the then workplace relations minister, Kevin Andrews. That was one of the letters I have tabled. It is hard to tell what transpired. However, it is clear that Mr Jones may have been inspired by the federal government’s support in establishing shell companies to help undermine unions and their members—reminiscent of their efforts on the Australian waterfront in 1998. The more you dig, the more it becomes clear that AMR is just a front hatched to help employ people on cash retainers for the purpose of collecting AEC ballot papers from members at their homes during the election.

And it gets worse. At the same time as AMR’s doorknockers were being urged to undertake prohibited behaviour in collecting ballot papers, a wave of telephone calls swamped CEPU members at their homes from 2 June. The calls were made on behalf of Mr Jenkins’s team and the callers urged members to cast their votes straightaway, that weekend. Of course it was pure coincidence that these calls to action were being made at the same time as the how-to-votes of Mr Jenkins’s rival, Mr Metcher, were sitting collecting dust in Australia Post docks. The calls were being made from an office in Epping in north-western Sydney in the electorate of Bennelong. The number belongs to Epilepsy Action. No doubt this organisation does important work for an important cause, and I suspect the principals of this organisation would be horrified to know that they were being drawn into a grubby plan designed to mislead or potentially disenfranchise voters.

Obviously some senators opposite might take perverse delight in everything I have detailed today. The shrewder ones will not. Naturally those opposite relish the idea of any union member being denied the opportunity to have a say in a ballot that affects their working lives. But those opposite should be very careful before casting stones, because it appears they are not free of sin when it comes to this messy affair. Of course I would totally understand the disbelief of those members of the public listening in or reading this speech who would question whether the Liberal Party would maintain an active interest in any union’s electoral process, especially this union, the CEPU.

But know this: in 1994 the Liberal Party’s then industrial relations shadow minister mailed out a letter to every CEPU member urging them to support a Liberal Party ticket running in those elections. It is now a matter of public record that the shadow minister was none other than the current Prime Minister, Mr Howard. Given the track record of the Liberal Party, the fact that it also has influence over the board of management of a government business enterprise that has an interest in these elections—Australia Post—and seeing the extraordinary efforts being undertaken and money spent to seize control of this union, it would be remiss not to have an in-depth investigation into this entire affair.

It would be hard to believe that all of these matters that I have referred to today occurred within the space of just over one week. But time will catch up with people who want to distort the legitimate efforts of genuine members wanting to have their fair say in the future of their union. That is because, apart from matters described by the applicant, all of the above matters have now been reported to not only the AEC but the Australian Federal Police, who were also notified of all of this on Friday, 8 June 2007. These are serious issues, because what underpins these actions is a contemptuous motive and misguided belief that, by creating so much turmoil and confusion, the perpetrators of these acts are encouraging union members
to throw up their hands and not vote at all. They hope these members will refuse to have a say in their union’s future simply out of frustration with these immature and dishonest tactics. The behaviours of these perpetrators are of themselves antidemocratic. Make no mistake: every time a union member refuses to vote in this election out of frustration, they help place wider smiles on the faces of those people who do not have the members’ or the union’s interests at heart. I urge all CEPU members to defend their right to have a say in their organisation and their working futures and to cast a vote knowing that the people trying to stop them from exercising this democratic right will be caught and dealt with appropriately.

Senate adjourned at 11.49 pm

DOCUMENTS

Indexed List of Files

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

Indexed lists of departmental and agency files for the period 1 July to 31 December 2006—Statement of compliance—Austrade.

Tabling

The following documents were tabled by the Clerk:

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

A New Tax System (Family Assistance) (Administration) Act—Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Amendment Determination 2007 (No. 1) [F2007L01374]*.


ACIS Administration Act—ACIS Stage 2 Motor Vehicle Producer Research and Development Scheme Variation 2006 (No. 1) [F2007L01448]*.

Air Services Act—Air Services Regulations—Instruments Nos—

AERU 07-61—Determination of Flight Information Regions [F2007L01608]*.

AERU 07-62—Determination of Flight Information Areas [F2007L01611]*.

AERU 07-63—Determination of Class A Airspace [F2007L01612]*.

AERU 07-64—Determination of Class C Airspace [F2007L01613]*.

AERU 07-65—Determination of Class C Control Zones [F2007L01614]*.

AERU 07-66—Determination of Class D Airspace [F2007L01615]*.

AERU 07-67—Determination of Class D Control Zones [F2007L01616]*.

AERU 07-68—Determination of Class E Airspace [F2007L01617]*.

AERU 07-69—Determination of Class G Airspace [F2007L01618]*.

AERU 07-70—Determination of General Aviation Aerodrome Procedures (GAAP) Control Zones [F2007L01619]*.

AERU 07-71—Determination of Controlled Aerodromes [F2007L01620]*.

AERU 07-72—Designation of Airroutes [F2007L01621]*.

Australian Prudential Regulation Authority Act—

Australian Prudential Regulation Authority (Confidentiality) Determination No. 6 of 2007—Information provided by locally-incorporated banks and foreign ADIs under Reporting StandardARS 320.0 and Reporting StandardARS 320.0 (2003) [F2007L01432]*.
Australian Prudential Regulation Authority (Confidentiality) Determination No. 7 of 2007—Information provided by locally-incorporated banks and foreign ADIs under Reporting Standard ARS 320.0 (2005) [F2007L01526]*.


Australian Prudential Regulation Authority instrument fixing charges No. 2 of 2007—Models-based capital adequacy requirements for ADIs: 2006-07 [F2007L01450]*.

Select Legislative Instrument 2007 No. 118—Australian Prudential Regulation Authority Amendment Regulations 2007 (No. 1) [F2007L01286]*.

Australian Radiation Protection and Nuclear Safety Act—Select Legislative Instrument 2007 No. 115—Australian Radiation Protection and Nuclear Safety Amendment Regulations 2007 (No. 1) [F2007L01083]*.

Civil Aviation Act—

Civil Aviation Regulations—
Instruments Nos—

CASA EX15/07—Exemption—solo flight training using ultralight aeroplanes registered with Recreational Aviation Australia Inc at Parafield Aerodrome [F2007L01028]*.

CASA EX18/07—Exemption—solo flight training using ultralight aeroplanes registered with Recreational Aviation Australia Inc at Launceston Aerodrome [F2007L01284]*.

CASA EX19/07—Exemption—solo flight training using ultralight aeroplanes registered with Recreational Aviation Australia Inc at Cambridge Aerodrome [F2007L01285]*.

CASA EX20/07—Exemption—display of lights at night and in poor visibility [F2007L01287]*.

CASA EX22/07—Exemption—carriage of life rafts [F2007L01318]*.

CASA EX23/07—Exemption—refuelling with passengers on board [F2007L01345]*.

Civil Aviation Safety Regulations—
Airworthiness Directives—Part—

AD/750XL/11—Rudder Trim Tab Pivot [F2007L01350]*.

AD/750XL/13—Aileron Inboard Hinge Attachment [F2007L01567]*.
AD/A320/206—Landing Gear Selector Valves [F2007L01369]*.
AD/A330/9 Amdt 4—Nose Landing Gear [F2007L01371]*.
AD/A330/13 Amdt 5—Life Limits/Monitored Parts [F2007L01566]*.
AD/A330/23 Amdt 2—Elevator Servo Control Transducer Attachment lug Inspection and FCOM Amendment [F2007L01362]*.
AD/A330/54 Amdt 1—Elevator Servocontrols [F2007L01364]*.
AD/A330/65—Main Landing Gear Retraction Link [F2007L01564]*.
AD/AS 355/93—Main and Tail Rotors – Servo Controls [F2007L01398]*.
AD/AS 355/94—Load Compensator Levers [F2007L01430]*.
AD/AS 355/95—Fuselage Centre Cross-Member under Cabin Floor [F2007L01446]*.
AD/AS 355/96—Main & Tail Rotors Servo Controls [F2007L01504]*.
AD/AT 600/7—Horizontal Stabiliser Brace Tube Assembly [F2007L01561]*.
AD/B727/205—Fuel Boost Pump Wiring [F2007L01586]*.
AD/B737/201 Amdt 2—Rudder Control System [F2007L01575]*.
AD/B737/277 Amdt 1—Splice Fitting between Windows 1 and 2 [F2007L01346]*.
AD/B737/303—Fuel Boost Pump Wiring [F2007L01601]*.
AD/B747/356—Trim Air Diffuser and Sidewall Riser Ducts [F2007L01351]*.
AD/B767/230—Fire Extinguishing Tube Chafing [F2007L01574]*.
AD/B/Ae 146/128—Aft Fuselage Skin under APU Heat Shield [F2007L01348]*.
AD/B/BEech 33/45—Landing Gear Up-lock Mechanism [F2007L01396]*.
AD/B/BEech 35/72—Landing Gear Up-lock Mechanism [F2007L01395]*.
AD/B/BEech 36/51—Landing Gear Up-lock Mechanism [F2007L01394]*.
AD/B/BEech 55/95—Landing Gear Up-lock Mechanism [F2007L01388]*.
AD/B/BEech 56/34—Landing Gear Up-lock Mechanism [F2007L01397]*.
AD/B/BEech 65/61 Amdt 5—Nose Gear Lower Shock Absorber Assembly [F2007L01558]*.
AD/B/BEech 90/75 Amdt 5—Nose Landing Gear Lower Shock Absorber Assembly [F2007L01557]*.
AD/B/BEech 95/33—Landing Gear Up-lock Mechanism [F2007L01393]*.
AD/BEECH 300/20—Nose Gear Lower Shock Absorber Assembly [F2007L01559]*.
AD/BEECH 1900/2 Amdt 2—Nose Gear Lower Shock Absorber Assembly [F2007L01560]*.
AD/BELL 206/168—Upper Left Hand Tailboom Attachment [F2007L01349]*.
AD/BELL 206/169—Exhaust Duct Grooved Clamps [F2007L01401]*.
AD/BELL 430/10—Tail Rotor Pitch Change Mechanism [F2007L01585]*.
AD/Cessna 208/21—Low Airspeed Awareness System [F2007L01578]*.
AD/DHC-2/27 Amdt 3—Horizontal Stabiliser Front Spar [F2007L01555]*.
AD/DHC-8/129—Corrosion Prevention and Control Program [F2007L01554]*.
AD/DAUPHIN/46 Amdt 2—Main Rotor Gearbox Suspension Diagonal Cross-Member [F2007L01556]*.
AD/DAUPHIN/91—Main and Tail Rotors – Servo Controls [F2007L01400]*.
AD/ECUREUIL/71 Amdt 2—Tail Rotor Blade Trailing Edge [F2007L01552]*.
AD/ECUREUIL/125—Main and Tail Rotors – Servo Controls [F2007L01399]*.
AD/ECUREUIL/126—Fuselage Centre Cross-Member under Cabin Floor [F2007L01447]*.
AD/ECUREUIL/127—Main & Tail Rotors Servo Controls [F2007L01505]*.
AD/EMB-120/45—Stall Warning Computer [F2007L01372]*.
AD/ERJ-170/6—Fuel Quantity Probe Harnesses [F2007L01381]*.
AD/ERJ-170/8—Fuel Quantity Probe Harnesses [F2007L01379]*.
AD/ERJ-170/9—Low Stage Engine Bleed Check Valve [F2007L01370]*.
AD/ERJ-170/10—Firewall Hydraulic Shutoff Valves [F2007L01567]*.
AD/E100/84—Fuel Cross-feed Valve and Fire Shut-Off Actuators [F2007L01597]*.
AD/F2000/26—Engine Fire Detection Units [F2007L01596]*.
AD/F2000/27—Wing Anti-Ice Monitoring System [F2007L01594]*.
AD/GBK 117/17—Fire Protection System Clamps [F2007L01595]*.
AD/GENERAL/66 Amdt 1—Floor Proximity Escape Path Marking [F2007L01568]*.
AD/JETSTREAM/99 Amdt 1—Time Limits – Airworthiness Limitations [F2007L01347]*.
AD/JETSTREAM/104—Main Landing Gear Radius Rod [F2007L01352]*.
AD/R44/21—Seat Belt Buckles [F2007L01573]*.
AD/S-PUMA/56 Amdt 1—Hoist Plate Front Attachment [F2007L01355]*.
AD/S-PUMA/70—Main and Tail Rotors – Servo Controls [F2007L01378]*.
AD/SA 315/15—MGB Output Flange [F2007L01357]*.
AD/SA 315/16—Freewheel Lubrication System [F2007L01358]*.
AD/SA 315/17—Main Gearbox – Freewheel Coupling Bolts [F2007L01359]*.
AD/TB10/18 Amdt 2—Cabin Door Catch [F2007L01353]*.
AD/TB20/22 Amdt 2—Cabin Door Catch [F2007L01354]*.

106—
AD/ARRIEL/17 Amdt 2—Engine – Gas Generator Second Stage Turbine [F2007L01365]*.
AD/ARRIEL/19 Amdt 1—Fuel Metering Unit Acceleration Controller Axle [F2007L01576]*.
AD/ARRIEL/27—HP Turbine (Module M03) – Turbine Blade Displacement [F2007L01389]*.
AD/ARRIUS/13—Gas Generator Front Bearing [F2007L01368]*.
AD/ARRIUS/13 Amdt 1—Gas Generator Front Bearing [F2007L01340]*.
AD/ARRIUS/13 Amdt 2—Gas Generator Front Bearing [F2007L01541]*.
AD/BR700/1—High Pressure Turbine Discs [F2007L01584]*.
AD/BR700/9—Fan Disc Retirement Lives [F2007L01338]*.
AD/BR700/10—High Pressure Turbine Time Limits [F2007L01542]*.
AD/CFM56/26—Low Pressure Turbine Rear Frame Life [F2007L01339]*.
AD/CON/87 Amdt 2—Superior Air Parts – Cylinder Assemblies [F2007L01390]*.
AD/CT7/12 Amdt 1—Stage 2 Turbine Aft Cooling Plate [F2007L01377]*.
AD/LYC/118 Amdt 2—Superior Air Parts – Cylinder Assemblies [F2007L01391]*.
AD/ROTA/17 Amdt 2—Engine Crankcase Cracks [F2007L01366]*.
AD/SMA/3—Engine Primary Exhaust Assembly [F2007L01569]*.
AD/SUPERIOR/1 Amdt 2—Cylinder Assemblies [F2007L01373]*.
AD/TAY/2 Amdt 2—Fan Blade Root – Inspection [F2007L01589]*.

AD/TAY/19—LP Compressor Rotor Blade Cracking [F2007L01587]*.

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AD/PHZL/86 Amdt 1—Propeller Hub Cracks [F2007L01383]*.

AD/PHZL/87—Propeller Thrust Bearings [F2007L01382]*.

AD/PHZL/88—CSE Aviation [F2007L01363]*.

AD/PMC/51—CSE Aviation [F2007L01392]*.

AD/RAD/76 Amdt 1—Honeywell Primus II RNZ-850 or -851 Integrated Navigation Units [F2007L01360]*.

Instrument No. CASA EX21/07—Exemption – location of sets of markings [F2007L01312]*.

Select Legislative Instrument 2007 No. 116—Civil Aviation (Fees) Amendment Regulations 2007 (No. 1) [F2007L01337]*.

Class Rulings—


Corporations Act—ASIC Class Orders—
[CO 07/74] [F2007L01580]*.

[CO 07/150] [F2007L01524]*.

[CO 07/151] [F2007L01527]*.

[CO 07/337] [F2007L01531]*.


Currency Act—
Currency (Royal Australian Mint) Determination 2006 (No. 2) Amendment Determination 2007 (No. 1) [F2007L01470]*.

Currency (Royal Australian Mint) Determination 2007 (No. 3) [F2007L01506]*.

Customs Act—
Tariff Concession Orders—
0619084 [F2007L01426]*.

0701476 [F2007L01516]*.

0701581 [F2007L01412]*.

0701768 [F2007L01297]*.

0701942 [F2007L01298]*.

0701960 [F2007L01299]*.

0701961 [F2007L01419]*.

0702041 [F2007L01424]*.

0702047 [F2007L01422]*.

0702055 [F2007L01423]*.

0702056 [F2007L01440]*.

0702059 [F2007L01441]*.

0702118 [F2007L01416]*.

0702119 [F2007L01300]*.

0702120 [F2007L01420]*.

0702121 [F2007L01421]*.

0702147 [F2007L01442]*.

0702193 [F2007L01474]*.

0702194 [F2007L01491]*.

0702370 [F2007L01415]*.

0702371 [F2007L01413]*.

0702549 [F2007L01444]*.

0702550 [F2007L01445]*.

0702560 [F2007L01439]*.

0702573 [F2007L01443]*.

0702581 [F2007L01437]*.

0702582 [F2007L01435]*.

0702643 [F2007L01494]*.

0702645 [F2007L01472]*.

0702674 [F2007L01436]*.

0702676 [F2007L01493]*.
Select Legislative Instrument 2007 No. 110—Customs (Prohibited Imports) Amendment Regulations 2007 (No. 2) [F2007L01321]*.

Defence Act—Determimations under section 58B—


2007/26—War service leave – amendment.


2007/29—Overseas conditions – School transport costs.

2007/30—Overseas conditions of service – amendment.

Electronic Transactions Act—Select Legislative Instrument 2007 No. 111—Electronic Transactions Amendment Regulations 2007 (No. 1) [F2007L01336]*.

Environment Protection and Biodiversity Conservation Act—

Accreditation of a management plan for the purposes of a declaration—Notice of intent to accredit the amendments to the Eastern Tuna and Billfish Fishery Management plan, dated 10 May 2007.

Amendments of Lists of—

Exempt native specimens, dated—

17 November 2006 [F2007L01467]*.

7 May 2007 [F2007L01329]*.

9 May 2007 [F2007L01344]*.

Tariff Concession Revocation Instruments—

72/2007 [F2007L01403]*.

74/2007 [F2007L01405]*.

75/2007 [F2007L01406]*.

76/2007 [F2007L01407]*.

77/2007 [F2007L01408]*.

78/2007 [F2007L01409]*.

79/2007 [F2007L01410]*.

80/2007 [F2007L01411]*.

81/2007 [F2007L01507]*.

82/2007 [F2007L01508]*.

83/2007 [F2007L01509]*.

84/2007 [F2007L01510]*.

85/2007 [F2007L01511]*.

86/2007 [F2007L01512]*.

87/2007 [F2007L01513]*.

88/2007 [F2007L01514]*.

89/2007 [F2007L01515]*.
Specimens taken to be suitable for live import, dated—
26 April 2007 [F2007L01319]*.
1 May 2007 [F2007L01434]*.


Proclamation revoking the Proclamation made under the National Parks and Wildlife Conservation Act 1975 of the Kakadu Conservation Zone, dated 23 May 2007 [F2007L01464]*.

Repeal of Recovery Plan for Orange-bellied Parrot (*Neophema chrysogaster*) 1998-2002; and Adoption of State Plans as Recovery Plans [F2007L01331]*.

Repeal of Recovery Plan for Tasmanian Wedge-tailed Eagle (*Aquila audax fleayi*); and Adoption of State Plans as Recovery Plans [F2007L01332]*.


Fisheries Management Act—
Eastern Tuna and Billfish Fishery Management Plan 2005—Eastern Tuna and Billfish Fishery Management Plan Amendment 2007 (No. 1) [F2007L01335]*.

Fish Receiver Permits Declaration 2007 [F2007L01461]*.

Northern Prawn Fishery Management Plan 1995—
Determination No. 109—Commonwealth Northern Prawn Fishery Daily Fishing Log [F2007L01316]*.

NPF Direction No. 108—First Season Closures [F2007L01454]*.

Gene Technology Act—Select Legislative Instrument 2007 No. 128—Gene Technology Amendment Regulations 2007 (No. 1) [F2007L01317]*.


Higher Education Support Act—
Administration Guidelines Amendment No. 1 [F2007L01375]*.

Higher Education Provider Approval (No. 7 of 2007)—William Angliss Institute of TAFE [F2007L01402]*.

Home and Community Care Act—Amending agreement in relation to the provision of financial assistance by the Commonwealth of Australia for Home and Community Care Program, dated 21 May 2007, to—
Australian Capital Territory.
New South Wales.
Northern Territory.
Queensland.
South Australia.
Tasmania.
Victoria.
Western Australia.

Lands Acquisition Act—Statements describing property acquired by agreement for specified public purposes under sections—
40.
125.

Medicare Australia Act—Medicare Australia (Function of Chief Executive Officer – Lifetime Health Cover) Direction 2007 [F2007L01525]*.

Migration Act—Instruments—


Select Legislative Instrument 2007 No. 129—Migration Amendment Regulations 2007 (No. 3) [F2007L01460]*.


National Residue Survey (Excise) Levy Act—Select Legislative Instruments 2007 Nos—
123—Primary Industries Levies and Charges (National Residue Survey Levies) Amendment Regulations 2007 (No. 1) [F2007L01455]*.

124—Primary Industries Levies and Charges (National Residue Survey Levies) Amendment Regulations 2007 (No. 2) [F2007L01459]*.

Payment Systems (Regulation) Act—
Access Regime for the designated EFTPOS system [F2007L01289]*.

The designated VISA Debit system [F2007L01288]*.

Primary Industries (Customs) Charges Act—Select Legislative Instrument 2007 No. 120—Primary Industries (Customs) Charges Amendment Regulations 2007 (No. 3) [F2007L01456]*.

Primary Industries (Excise) Levies Act—Select Legislative Instruments 2007 Nos—
121—Primary Industries (Excise) Levies Amendment Regulations 2007 (No. 3) [F2007L01457]*.

122—Primary Industries (Excise) Levies Amendment Regulations 2007 (No. 4) [F2007L01501]*.

Private Health Insurance Act—
Private Health Insurance (Prostheses) Rules 2007 (No. 2) [F2007L01452]*.

Private Health Insurance (Prostheses) Rules 2007 (No. 3) [F2007L01458]*.

Product Rulings—

Public Works Committee Act—Select Legislative Instrument 2007 No. 113—Public Works Committee Amendment Regulations 2007 (No. 1) [F2007L01315]*.

Radiocommunications Act—Radiocommunications (Prohibited Devices) (AFP testing of mobile telephone jamming devices) Exemption Amendment Determination 2007 [F2007L01376]*.

Remuneration Tribunal Act—Determinations—
2007/03: Remuneration and Allowances for Holders of Public Office and Members of Parliament [F2007L01325]*.

2007/04: Principal Executive Office (PEO) Classification Structure and Terms and Conditions [F2007L01327]*.
2007/05: Remuneration and Allowances for Holders of Public Office [F2007L01500]*.
Safety, Rehabilitation and Compensation Act—Safety, Rehabilitation and Compensation (Definition of Employee) Notice 2007 (1) [F2007L01291]*.


Social Security Act—
Social Security Exempt Lump Sum (Compensation payments in respect of certain World War 2 internments) (DEST) Determination 2007 [F2007L01671]*.
Social Security Exempt Lump Sum (Compensation payments in respect of certain World War 2 internments) (DEWR) Determination 2007 [F2007L01610]*.
Social Security Exempt Lump Sum (Compensation payments in respect of certain World War 2 internments) (FaCSIA) Determination 2007 [F2007L01577]*.
Social Security Exempt Lump Sum (Family Day Care Start Up Payment) (DEST) Determination 2007 [F2007L01502]*.
Social Security Exempt Lump Sum (Family Day Care Start Up Payment) (DEWR) Determination 2007 [F2007L01530]*.
Social Security Exempt Lump Sum (Family Day Care Start Up Payment) (FaCSIA) Determination 2007 [F2007L01499]*.

Superannuation Industry (Supervision) Act—Request from Minister to APRA under section 230A.

Sydney Airport Curfew Act—Dispensation Report 05/07 [1 dispensation].

Taxation Administration Act—Taxation Administration Act Withholding Schedules 2007 [F2007L01533]*.


Telecommunications Act—
Telecommunications (Do Not Call Register) (Telemarketing and Research Calls) Industry Standard Variation 2007 (No. 1) [F2007L01546]*.
Telecommunications (Freephone and Local Rate Numbers) Allocation Determination 2007 (No. 1) [F2007L01427]*.
Telecommunications (Freephone and Local Rate Numbers – Charities) Allocation Determination 2007 (No. 1) [F2007L01425]*.
Telecommunications (Integrated Public Number Database – Public Number Directory Requirements) Instrument 2007 (No. 1) [F2007L01307]*.
Telecommunications (Integrated Public Number Database – Permitted Research Purposes) Instrument 2007 (No. 1) [F2007L01309]*.
Telecommunications (Integrated Public Number Database – Public Number Directory Additional Information) Instrument 2007 (No. 1) [F2007L01308]*.
Telecommunications (Integrated Public Number Database Scheme – Conditions for Authorisations) Determination 2007 (No. 1) [F2007L01306]*.
Telecommunications (Integrated Public Number Database Scheme – Criteria for Deciding Authorisation Applications) Instrument 2007 (No. 1) [F2007L01310]*.
Telecommunications Numbering Plan Variation 2007 (No. 2) [F2007L01428]*.
Telecommunications (Carrier Licence Charges) Act—
Determination under paragraph 15(1)(d) No. 1 of 2007 [F2007L01322]*.
Telecommunications (Annual Carrier Licence Charge) Determination 2007 [F2007L01536]*.
Telecommunications (Costs Attributable to Telecommunications Functions and Power) Determination 2007 [F2007L01538]*.


Telecommunications (Interception and Access) Act—


Therapeutic Goods Act—


Therapeutic Goods (Listing) Notice 2007 (No. 2) [F2007L01548]*.


Veterans' Entitlements Act—

Select Legislative Instrument 2007 No. 126—Veterans' Entitlements Amendment Regulations 2007 (No. 1) [F2007L01433]*.


Water Efficiency Labelling and Standards Act—Water Efficiency Labelling and Standards Amendment Declaration 2007 (No. 1) [F2007L01328]*.

Governor-General's Proclamations—

Aboriginal and Torres Strait Islander Heritage Protection Amendment Act 2006—Schedule 2—28 May 2007 [F2007L01489]*.


* Explanatory statement tabled with legislative instrument.

Tabling

The following government documents were tabled:


Australian Livestock Export Corporation Limited (LiveCorp)—Report for 2005-06.


Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period 1 July to 30 September 2006.


Migration Act 1958—Reports for the period 1 November 2006 to 28 February 2007—

Section 91Y—Protection visa processing taking more than 90 days.

Section 440A—Conduct of Refugee Review Tribunal (RRT) reviews not completed within 90 days.
Productivity Commission—Reports—

No. 37—Conservation of Australia’s historic heritage places—Government response.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Ministers: Overseas Travel
(Question No. 678)

Senator Chris Evans asked the Minister representing the Prime Minister and other ministers, upon notice, on 4 May 2005:

(1) In relation to all overseas travel where expenses were met by the Minister’s portfolios, for each of the financial years 2000-01 to 2004-05 to date what was the total cost of travel and related expenses in relation to: (a) the Minister; (b) the Minister’s family; and (c) the Minister’s staff.

(2) In relation to all air charters engaged and paid for by the Minister and/or the Minister’s office and/or the department and its agencies, for each of the financial years 2000-01 to 2004-05 to date: (a) on how many occasions did the Minister or his/her office or department and/or agency charter aircraft, and in each case, what was the name of the charter company that provided the service and the related respective costs; and (b) what was the total cost.

Senator Minchin—The Prime Minister has provided the following answer to the honourable senator’s question:

(1) Nil. Travel costs for the Prime Minister, his family and staff are paid by the Department of Finance and Administration.

(2) Not applicable.

Health and Ageing: Grants and Payments to City View Christian Church Inc.
(Question No. 1523)

Senator O’Brien asked the Minister representing the Minister for Health and Ageing, upon notice, on 18 January 2006:

For each financial year since 2001-02, what grants or payments has the Minister’s department, or have agencies for which the Minister is responsible, made to City View Christian Church Inc. (formerly known as Crusade Centre Inc.) based in Launceston, Tasmania.

Senator Ellison—The Minister for Health and Ageing has provided the following answer to the honourable senator’s question:

The Minister’s department and agencies for which the Minister is responsible have not made any grants or payments to the City View Christian Church Inc. (formerly known as Crusade Centre Inc) for the 2001-02, 2002-03, 2003-04, 2004-05 financial years.

Post-Budget Function
(Question No. 1890)

Senator Milne asked the Minister for Communications, Information Technology and the Arts, upon notice, on 6 June 2006:

Did the Minister host a post-budget function after the release of the 2006-2007 Commonwealth Budget on 9 May 2006; if so: (a) where was the function held; (b) who was invited to the function; (c) who attended the function;

QUESTIONS ON NOTICE
(d) what was the cost of hosting the function;
(e) was the cost charged to the Commonwealth; if not, to whom was it charged;
(f) was a ticket price charged; if so, what was the ticket price;
(g) if no ticket price was charged, was a donation requested;
(h) how much revenue was collected by way of tickets charged or donations received; and
(i) to whom was the revenue paid.

Senator Coonan—The answer to the honourable senator’s question is as follows:
I hosted a private function at Parliament House on the release of the 2006-2007 Commonwealth Budget on 9 May 2006. As the function was a private event, there was no cost charged to the Commonwealth.

Post-Budget Function
(Question No. 1893)

Senator Milne asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 6 June 2006:
Did the Minister host a post-budget function after the release of the 2006-2007 Commonwealth Budget on 9 May 2006; if so:
(a) where was the function held;
(b) who was invited to the function;
(c) who attended the function;
(d) what was the cost of hosting the function;
(e) was the cost charged to the Commonwealth; if not, to whom was it charged;
(f) was a ticket price charged; if so, what was the ticket price;
(g) if no ticket price was charged, was a donation requested;
(h) how much revenue was collected by way of tickets charged or donations received; and
(i) to whom was the revenue paid.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:
(a) Parliament House, Canberra;
(b) 38 industry representatives and 12 portfolio officers;
(c) 38 industry representatives and 12 portfolio officers;
(d) $1396.05;
(e) Yes;
(f) No;
(g) No;
(h) Zero;
(i) Not applicable.
Communications, Information Technology and the Arts: Monetary Compensation
(Question No. 1993)

Senator O’Brien asked the Minister for Communications, Information Technology and the Arts, upon notice, on 8 June 2006:

What is the quantum of payments made as settlements to claims for monetary compensation by the departments and agencies for which the Minister is responsible that are consistent with Legal Services Directions issued under section 55ZF of the Judiciary Act 1903, by financial year, since the first Legal Services Directions were issued.

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

The details of the quantum of payments made as settlements to claims for monetary compensation by the Department of Communications, Information Technology and the Arts are as follows:

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The remaining portfolio agencies subject to the Financial Management and Accountability Act 1997 made no payments under these provisions for the periods asked:

Australian Communications and Media Authority
Australian Sports Anti-Doping Authority
National Archives of Australia

Environment and Water Resources: Monetary Compensation
(Question No. 1998)

Senator O’Brien asked the Minister representing the Minister for the Environment and Water Resources, upon notice, on 8 June 2006:

What is the quantum of payments made as settlements to claims for monetary compensation by the departments and agencies for which the Minister is responsible that are consistent with Legal Services Directions issued under section 55ZF of the Judiciary Act 1903, by financial year, since the first Legal Services Directions were issued.

Senator Abetz—The Minister for the Environment and Water Resources has provided the following answer to the honourable senator’s question:

Payments made by my Department and portfolio agencies as settlement for claims for monetary compensation which are consistent with the Legal Services Directions issued under section 55ZF of the Judiciary Act 1903 are as follows:

(a) 1999-2000:
   a. Department of the Environment and Heritage – $2,500 was paid during the period as settlement for claim for monetary compensation.
   b. Australian Greenhouse Office– no amounts were paid during the period.
   c. Bureau of Meteorology– no amounts were paid during the period.
   d. Great Barrier Reef Marine Park Authority– no amounts were paid during the period.

(b) 2000-01:
   a. Department of the Environment and Heritage – $450,000 was paid during the period as settlement for claim for monetary compensation.
   b. Australian Greenhouse Office– no amounts were paid during the period.
c. Bureau of Meteorology – no amounts were paid during the period.
d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

(c) 2001-02:
  a. Department of the Environment and Heritage – $10,000 was paid during the period as settlement for claim for monetary compensation.
  b. Australian Greenhouse Office – no amounts were paid during the period.
  c. Bureau of Meteorology – no amounts were paid during the period.
  d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

(d) 2002-03:
  a. Department of the Environment and Heritage – $10,000 was paid during the period as settlement for claim for monetary compensation.
  b. Australian Greenhouse Office – no amounts were paid during the period.
  c. Bureau of Meteorology – no amounts were paid during the period.
  d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

(e) 2003-04:
  a. Department of the Environment and Heritage – $88,500 was paid during the period as settlement of a claim for monetary compensation.
  b. Australian Greenhouse Office – no amounts were paid during the period.
  c. Bureau of Meteorology – no amounts were paid during the period.
  d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

(f) 2004-05:
  a. Department of the Environment and Heritage – $36,000 was paid during the period as settlement of a claim for monetary compensation.
  b. Australian Greenhouse Office – no amounts were paid during the period.
  c. Bureau of Meteorology – no amounts were paid during the period.
  d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

(g) 2005-06:
  a. Department of the Environment and Heritage – no amounts were paid during the period.
  b. Australian Greenhouse Office – no amounts were paid during the period.
  c. Bureau of Meteorology – no amounts were paid during the period.
  d. Great Barrier Reef Marine Park Authority – no amounts were paid during the period.

Ryker (Faulkner) v the Commonwealth and Flint
(Question No. 2383)

Senator Parry asked the Minister representing the Attorney-General, upon notice, on 15 August 2006:

With reference to the 1987 trial of Ryker (Faulkner) vs The Commonwealth and Flint:

(1) Is the Minister aware of: (a) the documents contained in the Department of Defence’s response of 15 May 1996 to Freedom of Information request 61/94/95 which includes: (i) an interview conducted with Brigadier Flint in 1973 by Inspector Jack Davis, (ii) Brigadier Flint’s two page response to the Inspector provided on 9 January 1973, (iii) Brigadier Flint’s response to a notice to show cause dated 1 March 1973, (iv) Brigadier Flint’s complaint to the Defence Force Ombudsman...
of 26 September 1975, (v) Military Board minute No. 103/1973, (vi) the minute of Brigadier Ewing of 28 March 1973, (vii) the request by Brigadier Flint to retain his appointment to London, (viii) the determinations of the Military Board which allowed Brigadier Flint to resign within 7 days and retain his pension; and (b) a report by Lieutenant Colonel DG Osborne, Chief Instructor, School of Military Engineering, dated 30 April 1968.

(2) Did the documents in part 1(a) relate to investigations into the conduct of Brigadier Flint in dealing with the Faulkners and/or Trisal Engineering, and other instances and allegations of misconduct by Brigadier Flint in his capacity as Engineer in Chief of the Australian Army.

(3) For each of the above documents: (a) was it discoverable for the 1987 trial; and (b) was it discovered; if not, was this a deliberate decision, a case of negligence or accident.

Senator Johnston—The Attorney-General has provided the following answer to the honourable senator’s question:

(1) Yes.
(2) Yes.
(3) All of the documents referred to in part (1)(a) were discovered at the 1987 trial, with the possible exception of (vi) the minute of Brigadier Ewing of 28 March 1973. It is not clear whether this document was discovered and, if it was not discovered, what the reasons may have been.

Crimes Act

(Question No. 2436)

Senator Ludwig asked the Minister for Justice and Customs, upon notice, on 24 August 2006:

With reference to the communique, Safer Kids, Safer Communities, dated 26 June 2006:

(1) (a) What is the status of the review of bail conditions (to remove ‘cultural factors’ from mandatory consideration in sentencing) in relation to Commonwealth criminal offences; (b) is this issue currently being progressed by the Attorney-General’s Department; (c) are there plans for any form of consultations regarding the changes; (d) have any amendments to Commonwealth bail conditions been drafted; and (e) is there an expected timeframe for the amendments to bail conditions to be put before Parliament; if so, can details be provided; if not, why not.

(2) (a) What is the status of the proposed amendments to section 16A of the Crimes Act 1914 to delete reference to any mandatory consideration of cultural background for all offences against Commonwealth law; and (b) is there an expected timeframe for those amendments to be put before Parliament; if so, can details be provided; if not, why not.

(3) Were the above proposals put to the Council of Australian Governments meeting: (a) if so: (i) what was the response, and (ii) was any further work on the proposals agreed to and, what was it; and (b) if not, why not.

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

(1) (a) On 12 December 2006 the Crimes Amendment (Bail and Sentencing) Act 2006 (the Bail and Sentencing Act) came into force. This Act prohibits consideration of customary law and cultural practice as an excuse for criminal behaviour when considering bail. When granting bail to an alleged offender it requires a bail authority to consider the potential impact on victims and witnesses, especially those in remote communities.

(b) Yes.
Before it was enacted, the Bail and Sentencing Act was referred to the Senate Standing Committee on Legal and Constitutional Affairs, which tabled its Report on 16 October 2006. The Act gives effect to the decision of the Council of Australian Governments (COAG) on 14 July 2006 on the outcomes of the Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities.

The Bail and Sentencing Act came into force on 12 December 2006.

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The issues of the adequacy of the protection offered to victims and witnesses in remote communities by previous bail legislation and the consideration of customary law in sentencing, initially raised at the Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities, were discussed at the 14 July 2006 COAG meeting. COAG agreed to improve the effectiveness of bail provisions.

In relation to the application of customary law in sentencing, COAG stated that:

“The law’s response to family and community violence and sexual abuse must reflect the seriousness of such crimes. COAG agreed that no customary law or cultural practice excuses, justifies, authorises, requires, or lessens the seriousness of violence or sexual abuse. All jurisdictions agree that their laws will reflect this, if necessary by future amendment.”

COAG asked the Standing Committee of Attorneys-General (SCAG) to report to its next meeting on the extent to which bail provisions and enforcement take particular account of potential impacts on victims and witnesses in remote communities and to recommend any changes required. SCAG officers have prepared a draft paper on these issues, which is currently being considered by SCAG Ministers.

The Australian Government is progressing the matter of State and Territory amendments to bail legislation and the consideration of customary law in sentencing through bilateral negotiations with each State and Territory.

Not applicable.

Exclusive Brethren
(Question No. 2540)

Senator Bob Brown asked the Minister for Justice and Customs, upon notice, on 4 October 2006:

With reference to meetings between the Minister and representatives of the Exclusive Brethren, has the Minister met with representatives of the Exclusive Brethren in the past 5 years: if so, in each case: (a) when was the meeting; (b) where was the meeting held; (c) who attended the meeting; and (d) what matters were discussed.

Senator Johnston—My colleague the former Minister for Justice and Customs, Senator the Hon. Chris Ellison, has provided the following answer to the honourable senator’s question:

I met with all sorts of people to discuss issues. Such discussions were conducted in a proper manner and decisions were made on the merits of the case concerned.
Coastwatch
(Question No. 2583)

Senator Ludwig asked the Minister for Justice and Customs, upon notice, on 18 October 2006:

With reference to surveillance by Coastwatch for each of the financial years 2004-05 and 2005-06:

(1) What was the number of hours flown by Coastwatch during flights over the waters between the Australian coastline and the Indonesian archipelago.

(2) (a) How many vessel sightings in the waters between the Australian coastline and the Indonesian archipelago were recorded by Coastwatch; and (b) in relation to those vessel sightings: (i) how many were referred for further action to another agency or another part of the Australian Customs Service, and (ii) can a list be provided of the names of the agencies and the number of referrals to each.

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

(1) This is operational information and cannot be released publicly.

(2) (a) Coastwatch and ADF aircraft reported 8,785 sightings of Type 3 Foreign Fishing Vessels (FFVs) during 2004-05 and 8,619 sightings of Type 3 and 4 FFVs during 2005-06. These figures will include multiple sightings of the same vessel by different flights. These vessels were sighted in the waters between the Australian coastline and the Indonesian archipelago. These figures do not include Coastwatch sightings of vessels that are able to fish legitimately in certain areas of the AEEZ such as the MOU box.

(b) Referrals of sightings of vessels to major partner agencies (AFMA, AQIS, DIAC, Customs, GBRMP and DEW) are made in accordance with Standard Operating Procedures depending on a range of factors in relation to each sighting including the nature of the vessel, its location, and activities.

Australian Defence Force: Prohibited Substance Testing Program
(Question No. 2618)

Senator Mark Bishop asked the Minister representing the Minister for Defence, upon notice, on 8 November 2006:

(1) With reference to the answer to question on notice No. 1574, paragraph (4) (Senate Hansard, 9 May 2006, p199) what was the penalty imposed for each of the 24 personnel awaiting determination of drug offences.

(2) (a) How many drug tests have been administered to Australian Defence Force (ADF) personnel by Service, since 1 February 2006; (b) how many tests returned positive results and at which sites; (c) what was the incidence of different drug types; and (d) what penalties have been imposed to date.

(3) As at 1 November 2006, how many ADF personnel are currently being treated for alcoholism or are receiving counselling for alcohol substance abuse.

(4) For each of the years 2003, 2004, 2005 and 2006 to date, by Service, how many personnel have been discharged for: (a) alcohol substance abuse; and (b) drug usage.

(5) For the year 2006 to date, how many trainees have been disciplined or counselled by military or civil authorities at the: (a) Australian Defence Force Academy for: (i) intoxication, and (ii) drug usage; and (b) Royal Military College, Duntroon for: (i) intoxication, and (ii) drug usage.

(6) For each of the years 2005 and 2006 to date, what percentage of ADF applicants were rejected for past drug usage.
**Senator Ellison**—The Minister Assisting the Minister for Defence has provided the following answer to the honourable senator’s question:

   
   **Army** 7: Service terminated 7.
   
   **Air Force** 2: Service terminated 1, placed on Air Force Headquarters formal warning for two years 1.

2. (a) Number of tests from 1 February 2006 to 31 October 2006:
   
   - **Navy:** 1,558.
   - **Army:** 4,352.
   - **Air Force:** 1,560.

   (b) Navy: 47.
   
   **HMA Ships:** Arunta 3, Kanimbla 3, Launceston 1, Melbourne 3, Paluma 1, Parramatta 4, Perth 2, Sheehan 1, Warramunga 1, Westralia 1, and Hydrographic Ship Blue Crew 2, and Navy bases: Albatross 2, Cerberus 2, Creswell 1, Kuttabul 7, Stirling 7, Waterhen 1, Watson 4.
   
   Army: 65.
   
   The following sites: Borneo 1, Derwent 2, Gallipoli 7, Holsworthy 5, Irwin 1, Lancer 2, Lavarack 4, Lone Pine 3, Latchford 1, Maygar 2, Robertson 16, Steele 1, Taylor 1, Simpson 5, Puckapunyal 3, Nowra 1, Oakey 2, Wagga Wagga 1, Erina 1, Ringwood East 1, Stoney Head 1, RMC Duntroon 3 and Greenbank 1.
   
   **Air Force:** 3.
   
   **RAAF Bases:** Amberley 2, Wagga Wagga 1.

   (c) Navy: Cocaine 2, marijuana 18, amphetamines 31, morphine/valium 2.
   
   Army: Marijuana 33, methylamphetamine (METS) (including ecstasy/ice) 23, mix of delta 9-tetrahydrocannabinol and METS 5, anabolic steroids 1, cocaine 3.
   
   **Air Force:** Marijuana 3.

   (d) Navy: Services terminated 12, administrative action in progress 35.
   
   Army: Services terminated 41, discharge pending 5, received formal warning 5, administrative action in progress 14.
   
   **Air Force:** Services terminated 3.

3. **Navy:** Alcoholism 49, substance abuse 373.
   
   **Army:** As at 1 Nov 06, 1 Army member was in the active treatment facility (Alcohol Rehabilitation and Education Program (AREP)). To date in 2006, 39 members have attended AREP. Counselling by medical and psychology officers for individuals with alcohol substance abuse is held ‘in confidence’ and cannot be given.
   
   **Air Force:** Statistical information regarding alcoholism or alcohol abuse is not currently collected.

4. (a) and (b)

   **Navy:**

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QUESTIONS ON NOTICE
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(5) (a) (i) 49. (ii) 2.
(b) (i) 7. (ii) 1.

(6) For 2005-06, 462 candidates (1.7 per cent of Australian Defence Force (ADF) applicants) indicated that they withdrew, or were withdrawn, from the recruiting process because of past drug use. Since 3 July 2006, candidates have not been automatically rejected because of past drug use. Candidates are now assessed as to their suitability for ADF service based on their overall mental health, personal attributes and potential to integrate into the demanding, values-based ADF lifestyle.

Treasury

(Question No. 2633)

Senator O’Brien asked the Minister representing the Treasurer, upon notice, on 9 November 2006:

(1) Has the department instituted an internal costing or cost recovery system; if so: (a) what was the reason for instituting the system; and (b) can details be provided on the costs associated with instituting this system.

(2) As at 30 September 2006: (a) how many staff are there at each Australian Public Service (APS) level (including executive and senior executive level staff) by business unit division or branch; and (b) what is the average salary of staff at each APS level (including executive and senior executive level staff) by business unit, division or branch.

Senator Minchin—The Treasurer has provided the following answer to the honourable senator’s question:

(1) No.

(2) Please see the table below for the staff numbers. Salary levels applying at 30 June 2006 can be found in the Treasury Annual Report for 2005-06.
QUESTIONS ON NOTICE

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 9 November 2006:

(1) Did the Civil Aviation Safety Authority (CASA) cancel Transair’s air operator’s certificate (AOC) on 24 October 2006.

(2) Under what section of the Civil Aviation Act 1988 was the AOC cancelled.

(3) Can a copy of the written cancellation notice be provided.

(4) (a) How was the notice served; and (b) to whom was it served.

(5) On what date, and in what form, was CASA advised that Transair intended to make an application to the Administrative Appeals Tribunal (AAT) seeking a review of CASA’s decision to cancel the AOC.

(6) On what date did Transair make an application to the AAT seeking a review of CASA’s decision to cancel the AOC.

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

(1) and (2) These questions were asked and answered during testimony to the Standing Committee on Rural and Regional Affairs and Transport on 31 January 2007.

(3) A copy was provided in camera on 1 February 2007 to the Senate Rural and Regional Affairs and Transport Committee Inquiry into the Airspace Bill 2006 and Airspace (Consequential and Other Measures) Bill 2006.

(4) (a) The show cause notice was delivered in person by the Manager Brisbane Air Transport Field Office, to Lessbrook’s headquarters in hard copy form in a sealed envelope.(b) Copies were hand delivered and receipts obtained from Lessbrook and their appointed legal representative.

(5) By letter dated 31 October 2006 and faxed to CASA that afternoon.

(6) An application was lodged on 31 October 2006.

Civil Aviation Safety Authority

(Question No. 2685)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 2006:

(1) Can the Minister confirm that separation and redundancy payments by the Civil Aviation Safety Authority (CASA) have risen from $235 000 in the 2003-04 financial year to $374 000 in the 2004-05 financial year to $6 514 000 in the 2005-06 financial year.
(2) What is the estimated cost of separation and redundancy payments by CASA in the 2006-07 financial year.

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

(1) These figures differ from those shown in CASA annual reports which are provided on an accrual basis rather than amounts actually paid. The amounts actually paid in each financial year are as follows:

- 2003-04: $235,000
- 2004-05: $374,000
- 2005-06: $1,548,000

(2) Costs in 2006-2007 will be available in the 2006-2007 annual report.

Transair

(Question No. 2691)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 2006:

With reference to the evidence by the Chief Executive Officer of the Civil Aviation Safety Authority (CASA), Mr Bruce Byron, to the Senate Standing Committee on Rural and Regional Affairs and Transport on 30 October 2006 that the enforceable voluntary undertaking (EVU) by Transair ‘was required by CASA, from a significant point of view, as a result of surveillance activity conducted since mid-2005’: Does part 3 of the EVU reveal that Transair ‘was the subject of CASA audits in November 2001, August 2004, February 2005 and February 2006 which disclosed to CASA auditors that it had ongoing compliance and structural problems’.

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

A copy of the enforceable voluntary undertaking (EVU) by Transair was provided to the Senate Standing Committee on Rural and Regional Affairs and Transport on 31 January 2007.

Civil Aviation Safety Authority

(Question No. 2694)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 2006:

(1) Can details be provided of all enforceable voluntary undertakings (EVUs) accepted by the Civil Aviation Safety Authority (CASA) under section 30DK of the Civil Aviation Act 1988.

(2) For each EVU can the following details be provided:
   (a) the organisation or individual making the undertaking;
   (b) the date the undertaking was made;
   (c) the date the undertaking was accepted by CASA; and
   (d) the period of the undertaking.

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

(1) and (2) Details of all Enforceable Voluntary Undertakings (EVUs) that have been published on the CASA website were provided to the Senate Standing Committee on Rural and Regional Affairs and Transport on 31 January 2007.
Transair  
(Question No. 2696)  
Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 2006:  
(1) On what date did the enforceable voluntary undertaking (EVU) by Transair, dated 4 May 2006, cease to have effect.  
(2) Why did the EVU cease to have effect on this date.  
Senator Johnston—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:  
(1) and (2) These questions were asked and answered during testimony to the Senate Standing Committee on Rural and Regional Affairs and Transport on 31 January 2007.  

Transair  
(Question No. 2720)  
Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 10 November 2006:  
Can details be provided of all Requests for Corrective Action (RCA) issued to Transair since November 2001, including: (a) the date of issue; (b) the regulatory breach or breaches identified; (c) the timeline for corrective action; (d) the corrective action taken; and (e) the date the corrective action was taken.  
Senator Johnston—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:  
Details of CASA audits of Transair were provided on 1 February 2007 to the Senate Rural and Regional Affairs and Transport Committee Inquiry into the Airspace Bill 2006 and Airspace (Consequentials and Other Measures) Bill 2006.  

Civil Aviation Safety Authority  
(Question No. 2801)  
Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 17 November 2006:  
With reference to the Civil Aviation Safety Authority (CASA): As at 30 September 2006: (a) how many staff are there at each classification level (including executive and senior executive level staff) by business unit, division or branch; (b) what is the average salary of staff at each classification level (including executive and senior level staff) by business unit, division or branch; (c) how many staff were employed under: (i) Australian Workplace Agreements, and (ii) the CASA Certified Agreement 2006-08; and (d) how many staff at each classification level (including executive and senior executive level staff) by business unit, division or branch, have previous service in the Royal Australian Air Force.  
Senator Johnston—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:  
(a) CASA staffing at each classification level (including executive and senior executive level staff) by business unit, division or branch is set out in the attached table.  
(b) The salary ranges for each classification level are set out in the CASA Certified Agreement:  
The salaries of staff employed under CASA Australian Workplace Agreements (AWAs) are not disclosed as they are a matter for individual negotiation between CASA and the relevant staff member.
(c) (i) and (ii) On 30 September 2006, 85 staff had their terms and conditions of employment specified in a CASA AWA, and 522 staff were employed under the CASA Certified Agreement 2006-08. There were also 25 staff employed under common law contracts.

(d) CASA does not record this data.
CASA Staff by Group and Classification as at 30 September 2006

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Note: 1 Data includes permanent staff, temporary staff and inoperative staff, but excludes CEO

QUESTIONS ON NOTICE
Solomon Islands
(Question No. 2803)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 17 November 2006:

(1) Has the Minister, the Minister’s office, or any department, agency or authority for which the Minister is responsible received any advice from the Solomon Islands Government about its response to findings contained in the special audit into the financial affairs of the Ministry of Infrastructure and Development by the Solomon Islands Auditor-General, including the finding that contract breaches by Airservices Australia ‘may warrant action to be taken by the Solomon Islands Government to recover monies from Airservices Australia that were lost through payments made to third parties’; if so, can details be provided.

(2) Is the contract governed by Australian or Solomon Islands laws.

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

(1) No.

(2) The contract is governed by Australian Law.

Solomon Islands
(Question No. 2804)

Senator O’Brien asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 November 2006:

(1) Has the Minister, the Minister’s office, or any department, agency or authority for which the Minister is responsible received any advice from the Solomon Islands Government about its response to findings contained in the special audit into the financial affairs of the Ministry of Infrastructure and Development by the Solomon Islands Auditor-General, including the finding that contract breaches by Airservices Australia ‘may warrant action to be taken by the Solomon Islands Government to recover monies from Airservices Australia that were lost through payments made to third parties’; if so, can details be provided.

(2) Is the contract governed by Australian or Solomon Islands laws.

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

(1) In mid-November 2006, the Australian High Commission (AHC) in Honiara received a letter from the Permanent Secretary, Solomon Islands Department of Communication, Aviation and Meteorology seeking Australian Federal Police assistance to investigate activities identified in the audit. AHC advised that Australia would be happy to consider any request for assistance, but it would need to be made via a mutual assistance request by the Solomon Islands Police Force. No formal request has yet been received.

(2) Airservices Australia has advised that the contract is governed by Australian law.
Senator Crossin to ask the Minister for Families, Community Services and Indigenous Affairs, upon notice, in writing, on 21 November 2006:

With reference to the Tiwi Land Council (TLC):

(1) What employment and training strategies have been developed between the companies Great Southern Plantations and Matilda Minerals and with the people of the Tiwi Islands to ensure that the people of the Tiwi Islands benefit from employment in these industries.

(2) Does the TLC have an employment strategy when it negotiates with any new companies wanting to set up on the Tiwi Islands.

(3) What role does the TLC have in investigating any environmental impact statement of these businesses.

(4) To date, what is the value in dollars of logs that have been exported from the Tiwi Islands.

(5) For each of the financial years 2004-05 and 2005-06, how much have each of the above businesses paid in royalties.

(6) (a) To whom are royalties paid; and (b) into which accounts.

(7) Where are royalties and associated expenditure recorded and reported.

(8) For each of the financial years 2004-05 and 2005-06, can a list be provided of expenditure from any such accounts.

(9) (a) How do community members apply to use such funds; (b) is there a formal application form; and (c) how are any applications considered.

(10) Who approves expenditure and signs off on decisions.

(11) Has the Tiwi Islands secondary college proposed site been changed; if so: (a) where is the new site; (b) is this a permanent or temporary move; (c) has this relocation been discussed and agreed to with the stakeholders or landowner; (d) how, if at all, will this affect the proposed budget for establishing the college; (e) if required, where will any additional funds come from; (f) how much in funding is coming from royalties or from companies operating on the Tiwi Islands; and (g) how will any changes affect the opening date or other arrangements.

(12) Given that it is a stated role of the TLC Management Board to assess the impact and make recommendations to the TLC in regard to any new Commonwealth and state legislation and policy affecting the people of the Tiwi Islands, what meetings were held to discuss the Aboriginal Land Rights (Northern Territory) Amendment Act 2006.

(13) What recommendations were made by the Management Board to TLC about this legislation.

(14) What discussions were held with the traditional owners and the Tiwi Island Local Government (TILG) about this legislation.

(15) Has the TLC held any official meetings with any government departments about this legislation; if so: (a) when; (b) with whom; and (c) who was in attendance.

(16) What consultations have been undertaken with the TILG on these issues.

(17) Has TLC made any definite undertakings or signed any agreements with the Government over the 99 year leases.

(18) (a) What rent is being paid by the TLC for its Darwin office; and (b) who owns the office.

(19) For each of the years 2005 and 2006 to date, how many TLC meetings, including Management Board and full meetings, have been held: (a) on the Tiwi Islands; and (b) in the Darwin office.
(20) (a) Where are the minutes of any meetings held; and (b) are the minutes easily available to stakeholders like the people of the Tiwi Islands and the TILG.

(21) In relation to a 600 hectare subdivision for private investment and development of a residential village of 40 blocks with a marina and airfield on Melville Island, referred to in the TLC annual report under proposals considered by TLC: (a) what was this proposal; (b) who made the proposal; and (c) was any decision made regarding the proposal.

(22) Given that the records of a meeting held on 20 September 2006 at Maxwell Creek Camp, show that the TLC and the TILG seemed to agree that improvements in communications between the two bodies was needed and that TILG/TLC would meet every 2 months with a date to be fixed for November 2006: (a) has this been done; and (b) has a communication strategy commenced.

(23) How much does the Nguiu Club pay per annum on its present lease.

(24) (a) Where is the current registered address for Pirntubula Pty Ltd; and (b) is this the principal place of business.

(25) What is the stated business of Pirntubula.

(26) From which source(s) does it get revenue.

(27) On what does Pirntubula spend its money.

(28) Can copies be provided of the latest Pirntubula reports.

(29) Does the Minister consider that there is any potential for a conflict of interest in the same person being secretary of the TLC and Pirntubula.

(30) Has Pirntubula made any payments to any of the companies that employ non-Tiwi members of the Management Board.

(31) How are people of the Tiwi Islands informed of any proceedings/minutes of the company (for example, is it via computer access or are actual hard copies distributed).

(32) Who owns the logs that are exported (for example, is it Great Southern Plantations, Pentarch or some other company).

(33) (a) When logs are shipped, is payment usually made at the point of departure of the shipment or are they sold when they arrive at the destination; and (b) to whom is payment made.

(34) What information on such sales is provided to the TLC.

(35) Subsequent to the payment was any part of this income paid to any other person or business; if so, can documentation be provided; if not, what has happened to this income.

(36) Is the term Red Tiwi, a Pentarch marketing term for the following three types of hardwood, stringybark, woolybutt and Melville Island bloodwood; if so: (a) what is the real market value of each; (b) for what amount are they being sold; and (c) what is the profit on these sales.

(37) If the term Red Tiwi does not refer to one of the above three types of trees, in precise terms what is meant by Red Tiwi.

(38) Given that at an estimates hearing of the Community Affairs Committee on 2 November 2006 (Committee Hansard, p. 44), it was stated that to date only one shipment of logs has made a profit of $75 000, to which body or account will this money go.

(39) After the Tiwi Islands Football Club has been given its $40 000: (a) how will this income be distributed; and (b) who will distribute it.

(40) How much, if anything, have the following companies or organisations been paid from the sale of logs from the Tiwi Islands: (a) Sylvatech Pty Ltd; (b) Great Southern Plantations; (c) Pirntubula; (d) Pentarch Forest Products Ltd; (e) Pentarch Ltd Group of Companies; (f) Stratus Shipping (a
subsidiary of Pentarch); (g) Pensyl Ltd (a joint venture between Sylvatech and Pentarch Forest Products); and (h) the TLC.

(41) For each of the financial years 2003-04, 2004-05, 2005-06 and 2006-07 to date: (a) how much has been paid by Pirntubula to Stratus Shipping Pty; and (b) can details be provided on what each payment was for.

(42) For each of the financial years 2003-04, 2004-05, 2005-06 and 2006-07 to date: (a) how much has been paid to Pensyl Pty Ltd by Pirntubula; and (b) can details be provided on what each payment was for.

(43) Who maintains records of the number or volume of logs exported from Port Melville.

Senator Scullion—The Minister for Families, Community Services and Indigenous Affairs has provided the following answer to the honourable senator’s question:

The Tiwi Land Council (TLC) is a statutory authority that performs a range of functions and exercises powers under the *Aboriginal Land Rights (Northern Territory) Act 1976* (“the Act”). The TLC is responsible for its day-to-day operations and it is therefore not appropriate for me to respond to those questions which do not fall within my portfolio responsibilities. I understand that much of the material germane to the honourable Senator’s questions is readily available in public documents including the Annual Reports of the TLC.

### Civil Aviation Safety Authority

(58) **Civil Aviation Safety Authority**

(59) **Question No. 2830**

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 24 November 2006:

(1) Has the Minister read the report in the July 2006 edition of Australian Aviation which records the Chief Executive Officer of the Civil Aviation Safety Authority, Mr Bruce Byron, as saying ‘I am keen to outsource some of CASA’s regulatory service functions’.

(2) Which regulatory functions does Mr Byron want to privatise.

(3) When did Mr Byron consult the Minister on his privatisation plans.

(4) What is the timetable for the implementation of Mr Byron’s privatisation agenda.

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

(1) Yes.

(2) No decisions have been made. Many of the permissions, approvals and authorisations that are currently provided by CASA can potentially be safely and effectively managed by aviation organisations themselves, provided these organisations demonstrate to CASA they have the capability and systems to manage the risks associated with the activities.

(3) Mr Byron is responsible for providing information and advice to the Minister on CASA’s regulatory service functions. This occurs on a regular basis.

(4) There is no privatisation agenda.

### Transair

(61) **Transair**

(62) **Question No. 2861**

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 28 November 2006:

With reference to the decision by the Civil Aviation Safety Authority (CASA) on 25 November 2006 to suspend Transair’s air operators certificate (AOC) under section 30DC of the Civil Aviation Act 1988

____________________________________________

QUESTIONS ON NOTICE
on the grounds that the operator had engaged, may be engaging and was likely to engage in conduct constituting, contributing to, or resulting in, a serious and imminent risk to air safety. Why did CASA publish the notice of the suspension on its website when it had failed to publish details of the earlier suspension of Transair’s AOC which was initiated by CASA on 24 October 2006.

Senator Johnston—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:
This question was asked and answered during testimony to the Senate Standing Committee on Rural and Regional Affairs and Transport on 1 February 2007.

Transair
(Question No. 2862)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 28 November 2006:
With reference to the decision by the Civil Aviation Safety Authority (CASA) on 25 November 2006 to suspend Transair’s air operators certificate (AOC) under section 30DC of the Civil Aviation Act 1988 on the grounds that the operator had engaged, may be engaging and was likely to engage in conduct constituting, contributing to, or resulting in, a serious and imminent risk to air safety: What is the impact of this suspension on: (a) the earlier suspension of Transair’s AOC which was initiated by CASA on 24 October 2006; and (b) matters before the Administrative Appeals Tribunal related to the earlier suspension of Transair’s AOC which was initiated by CASA on 24 October 2006.

Senator Johnston—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:
This question was asked and answered during testimony to the Senate Standing Committee on Rural and Regional Affairs and Transport on 31 January 2007.

Defence: VIP Vessels
(Question No. 2882 amended)

Senator Mark Bishop asked the Minister representing the Minister for Defence, upon notice, on 29 November 2006:
(1) How many vessels are there in the VIP squadron: (a) by type; (b) location; and (c) current value.
(2) (a) What is the purpose of the squadron; (b) how much does it cost annually; and (c) how many personnel are allocated to it.
(3) (a) What purchases of new vessels are planned or underway; and (b) what is the estimated cost of each.

Senator Ellison—The Minister for Defence has provided the following answer to the honourable senator’s question:
(1) There are two vessels in the VIP Boat Squadron, the Admiral Hudson and the Admiral’s Barge.
(a) The Admiral Hudson is a commercially-built Kingfisher 54 and the Admiral’s Barge is a 1994-built replica of the traditional VIP craft.
(b) Both vessels are located at HMAS Waterhen in Sydney.
(c) The Admiral Hudson is currently valued at $1.1 million, and the Admiral’s Barge is currently valued at $0.073 million.
(2) (a) The VIP Boat Squadron’s purpose is to provide an afloat venue for official entertainment of both Australian and foreign dignitaries as determined by the Commander Australian Fleet. The Admiral Hudson also provides a limited coastal search and rescue response capability.
(b) The VIP squadron is operated and maintained under a fixed price contract, which for the Admiral Hudson is $0.032 million and the Admiral’s Barge is $0.034 million annually. Fuel costs are not included in the contract and totalled $0.016 million in 2006.

(c) There are three staff assigned to the vessels; one Petty Officer, one Leading Seaman and one Able Seaman. Approximately one third of their duties relate to supporting the VIP vessels. The remainder of their duties are in support of the Commanding Officer HMAS Waterhen.

(3) (a) and (b) There are no new purchases planned or underway.

Questions on Notice
(Question No. 2894)

Senator O’Brien asked the Minister for Human Services, upon notice, on 29 November 2006:

With reference to the practice of providing, at the end of answers to questions on notice, the number of hours and the cost involved in producing the answer:

(1) Why was this practice instituted.

(2) Why did question on notice No. 1981 (Senate Hansard, p. 97) notice of which was given on 7 June 2006 and answered on 7 November 2006, allegedly cost approximately $62.21 per hour to answer, while question on notice No. 2002 (Senate Hansard, p. 101) asked and answered on the same days allegedly cost $32.94 per hour.

(3) Why is there no consistency in the hourly rate and the cost of producing these answers.

(4) What methodology is used to calculate the number of hours and the cost involved in producing answers to questions on notice.

(5) Can a copy be supplied of the written instructions to staff detailing the methodology to be applied in determining the cost of producing answers to questions on notice; if not, why not.

(6) Can an itemised account consistent with a methodology to justify the claimed costs in producing the answers to questions on notice 1981 and 2002 be provided; if not, why not.

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

(1) See response to Question No. 3887 asked by Ms Kelly Hoare MP, which was published in the House of Representatives Hansard on 30 October 2006.

(2) Thank you for drawing the anomalies in the costing information for Questions 1981 and 2002 to my attention. The Department of Human Services (DHS) has reviewed both responses and identified the cause of the anomalies.

In relation to Question No. 1981: The estimated cost of preparing the response ($730) is correct, however an error occurred in transcribing the hours taken which should have been shown as 13 hours 30 minutes (this equates to $730). This equates to an average hourly cost of $54.07.

In relation to Question No. 2002: The estimated cost of preparing the response ($835) was significantly understated, and should have been shown as $1,428. This equates to an average hourly cost of $56.78.

(3) The costing methodology applies different hourly rates to SES and non-SES officers. There will be some variance in the average hourly cost of producing answers because of variations in the proportion of time spent by SES and non-SES officers in preparing answers to different questions.

(4) and (5) Since February 2006, DHS has been costing the preparation of answers to Questions on Notice. Notional costs were $40 per hour for non-SES staff and $60 an hour for SES staff. In May 2006, a detailed analysis of actual costs resulted in an increase of the hourly rate to $49.83 for non-SES staff and $76.54 for SES staff. The revised rates were based on an average non-SES salary.
QUESTIONs ON NOTICE

(plus superannuation and long service leave) of $95,877 and an average SES salary (plus superannuation and long service leave) of $147,259.

- No allowance for on costs (for example, rent, IT etc) was included in the average salary figure.
- The hourly rate was determined on a standard week of 37 hours (which is a 7 hours 24 minute standard day).

This is a relatively simple system, based on an hourly rate, which is easily applied. Staff enter the time spent in preparing answers on a spreadsheet which automatically calculates the costs.

DHS has implemented an additional review mechanism to ensure costing accuracy of all responses submitted.

(6) A breakdown of the costs of producing answers to Question Nos. 1981 and 2002 is provided below.

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To prepare this answer it has taken 4 hours at an estimated cost of $226.

Knight Direct Location System

(Question No. 2906)

Senator Webber asked the Minister representing the Minister for Defence, upon notice, on 1 December 2006:

(1) Is the Minister aware of any contact between the department or the Australian Defence Force and the directors or staff of Knight Industries Pty Ltd.

(2) Is the Minister aware of any attempts by the department to acquire the technology known as the Knight Direct Location System, also known as KDLS.

(3) Can the Minister confirm that the department has conducted testing on this technology or investigated it in any way.

(4) Can the Minister confirm that a military police officer was with police when Mr Peter Cowell was arrested in November 2004.

Senator Ellison—The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) Yes. In mid-2001, the Navy sponsored the HMAS Sydney (II) Wreck Location Seminar at the Western Australian Maritime Museum. As part of the seminar, a technical working group met to discuss options for locating the ship. A review of the options presented to the technical working group led to Mr Lindsay Knight (now deceased) from Knight Industries Pty Ltd providing information to Defence on the Knight Direct Location System (KDLS). Mr Knight and Mr T. Warren Whittaker, of Knight Industries Pty Ltd, wrote a number of letters to the Minister for Defence in 2001 regarding Knight Industries and KDLS.

(2) The department has not attempted to acquire the KDLS technology.
(3) The department has not conducted any testing of the KDLS technology. Knight Industries Pty Ltd has declined to reveal details of the technology or submit it for independent trials.

(4) Yes. At the time, a military policeman was in the Western Australian police vehicle on another task.

**Environment and Heritage Legislation Amendment Bill (No.1) 2006**

*(Question No. 2908)*

**Senator Bob Brown** asked the Minister representing the Minister for the Environment and Water Resources, upon notice, on 4 December 2006:

With reference to the Minister’s statement in his second reading speech on the Environment and Heritage Legislation Amendment Bill (No. 1) 2006 (Senate *Hansard*, 30 November 2006, p. 34) that he has ‘consulted widely on the detail and philosophy of this bill, not only with conservation groups but also with industry’: (a) Which conservation and industry groups were consulted; and (b) on what dates.

**Senator Abetz**—The Minister for the Environment and Water Resources has provided the following answer to the honourable senator’s question:

In the course of undertaking normal Ministerial duties, the former Minister for the Environment and Heritage, Senator the Hon Ian Campbell, had meetings with a wide range of conservation and industry groups as did his department. The thrust of the proposed amendments to the *Environment Protection and Biodiversity Conservation Act 1999* was discussed informally at many of these meetings throughout 2006 including with organisations such as the National Cultural Heritage Forum, the Minerals Council of Australia and a range of other organisations that dealt regularly with the legislation. Given the level of consultation that occurred and the range of discussions that took place, it is not possible to give the exact details of these meetings.

**Ryker (Faulkner) v the Commonwealth and Flint**

*(Question No. 2943)*

**Senator Parry** asked the Minister representing the Attorney-General, upon notice, on 14 December 2006:

(1) Does question on notice No. 2383, which has been on the Senate *Notice Paper* since 15 August 2006, in large part inquire whether certain documents were: (a) discoverable; and (b) discovered by the Commonwealth for the 1987 trial of Ryker (Faulkner) vs The Commonwealth and Flint.

(2) Did legal advice in 2002 concerning this case from Mr Henry Burmeister, Chief General Counsel, Australian Government Solicitor’s Office to the Attorney-General deal with the opinions by Mr Clarence Stevens, QC on this case.

(3) Is it a fact that the opinions of Mr Stevens, QC turned on the alleged non-discovery by the Commonwealth of these same documents; if so, were not these same questions examined by Mr Burmeister in preparing his advice.

(4) When will an answer be provided to question on notice No. 2383.

**Senator Johnston**—The Attorney-General has provided the following answer to the honourable senator’s question:

(1) Yes.

(2) and (3) It is not the policy of the Government to comment on whether it has received legal advice in regards to a particular matter.

(4) The answer to question on notice number 2383 is tabled with this answer.
Senator Allison asked the Minister representing the Minister for Veterans’ Affairs, upon notice, on 23 January 2007:

(1) Can the Minister confirm that participants at the Maralinga nuclear tests must independently prove that they were at the tests in order to be eligible for the new white cards; if so, why is this the case given that the Administrative Appeals Tribunal has ruled that the published document of the preliminary nominal roll was sufficient evidence that they were present.

(2) Does the Government now dispute the fact that those on the roll were present at the tests; if so, on what basis.

(3) If the Government has taken the position that the Epidemiology Studies (Confidentiality) Act 1981 restricts the use of the roll for such purposes, is it the case that this restriction does not apply once the relevant study is completed.

(4) To date, how many: (a) veterans have been issued with white cards; and (b) applications have been made for white cards.

(5) What is the average length of time taken to process applications.

(6) Are veterans who were on ships providing services to the tests entitled to white cards; if not, why not.

(7) How many veterans received: (a) an act of grace compensation; and (b) Comcare compensation, for leukaemia prior to the closure of those schemes.

(8) Given the number of veterans found in the study to have leukaemia, is the Government considering reinstating these schemes; if not, why not.

Senator Ellison—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(1) Participants are required to submit a claim form which is needed to establish eligibility. A decision on eligibility is based on the definition of an Australian British Participant in the British Nuclear Tests as contained in subsections 5(1), (2) or (3) of the Australian Participants in British Nuclear Tests (Treatment) Act 2006.

The Administrative Appeals Tribunal (AAT) has not ruled that the nominal roll is sufficient evidence to prove participation in the testing programme. On 28 July 2005 a case was heard at the AAT in the matter of Brown and the Military Rehabilitation and Compensation Commission. The Tribunal’s decision in this instance was not based solely on the fact that the subject’s name appeared on the nominal roll, but instead, consideration was given to a range of documentary evidence which ultimately determined the outcome of the case.

(2) Every effort was made to include on the preliminary nominal roll, the names and identifying details of all Australians who were present in each of the testing areas during or following the tests. However the length of time that had elapsed and the difficulty in locating and verifying authentic records meant that the roll was missing some details and was likely to contain some errors. It is possible that some personnel are incorrectly included or unintentionally omitted.

The listing of a name on the preliminary nominal roll does not necessarily guarantee that the individual was in fact present at the nuclear tests. The roll indicates that a person either was there or had plans to go, or that provision had been made for them to go if it was deemed necessary (for example in the case of military police).

(3) The secrecy provisions in the Epidemiology Studies (Confidentiality) Act 1981 continue to apply after the completion of the prescribed study.
A total of 1,176 applications have been received for non-liability cancer treatment. Of the total number of claims received, 834 (or 71 per cent) have been from people who already have a Gold or White Card.

Of the 342 claims that have been received from people who do not have other eligibility under the Veterans’ Entitlements Act 1986 (VEA), 236 people (69 per cent) are now eligible for a White Card which they can use for cancer treatment.

Applications from claimants were received following the Government’s announcement in June 2006 to provide the non-liability health treatment. However, the Bill enacting legislation to provide participants with access to treatment was not passed by the Senate until 8 November 2006. Royal Assent was received on 30 November 2006. Eligibility decisions were made in respect of 1,130 claimants who were advised of the outcome of their claims on 12 and 18 December 2006. A total of 1,130 claims were processed within 18 days.

Of those claims received before 30 November 2006, following the return of Proof of Identity documents and service information, 40 were finalised during January 2007. The average time taken to process new claims received since 30 November 2006 was 21 days.

Yes. Those veterans who were on ships that were present during the specified Nuclear Test periods and within the prescribed Nuclear Test areas are entitled to White Cards.

Of the 6 applications made under the Act of Grace Scheme, 2 applicants were accepted. There have been a total of 9 claims accepted with a link to radiation exposure under the Safety, Rehabilitation and Compensation Act 1988 (SRCA).

A total of 12 applicants were accepted under the Special Administrative Scheme which provided compensation for participants in the tests who developed multiple myeloma or leukaemia (other than chronic lymphatic leukaemia).

Participants also have continued access to existing statutory workers’ compensation schemes such as the SRCA and the SRCA-like scheme administered by the Department of Employment and Workplace Relations.

National Disability Advocacy Program
(Question No. 2980)

Senator Siewert asked the Minister for Community Services, upon notice, on 6 February 2007:

(1) Is it correct that the department intends to: (a) cease funding self-advocacy, citizen advocacy and systems (group) advocacy under the National Disability Advocacy Program (NDAP); and (b) focus instead only on individual advocacy as mentioned in the departmental report, Enhancing the National Disability Advocacy Program (consultation paper 2006); if so, what is the legislative basis for this new program.

(2) Does the Minister agree that: (a) this change is inconsistent with the department’s responsibilities under the Disability Services Act 1986; and (b) the department should have sought the approval of Parliament to make a change that is so clearly inconsistent with its responsibilities under the Disability Services Act 1986.

(3) Since 1996, what, if any, new funds have been appropriated for the NDAP.

(4) For each of the years since 1986, can a copy of the budget appropriations be provided for the NDAP.

(5) What percentage of program growth does this represent.
(6) Since 1996, have any funding decreases, including any efficiency savings, been made to the NDAP; if so: (a) what is the cumulative funding saved as a result of these measures; and (b) from where has the funding saved as a result of the measures been appropriated.

(7) Are the department’s current initiatives for the NDAP based on the evaluation of the program conducted by Social Options Australia (SOA) in July 2006; if so, does the department endorse the methodology, findings and recommendations of this evaluation.

(8) (a) Does the department have any concerns about the evaluation report produced by the SOA after conducting the evaluation in paragraph (7); if so, what are those concerns; (b) can the Minister provide copies of any departmental responses to the evaluation report; (c) does the department consider that the evaluation report provides a suitable basis for proposed changes to the NDAP; and (d) does the Minister agree that the evaluation report is highly critical of advocacy services funded under the NDAP; if so, does the department consider that this evaluation report is a balanced and considered portrayal of the achievements of the NDAP.

(9) What is the current level of unmet demand for advocacy assistance to persons with disabilities in Australia.

(10) (a) Since 1996, what efforts, has the department engaged in to estimate the unmet demand for advocacy services in Australia; and (b) can the Minister provide a copies of any such estimates.

(11) Does the department agree that in this respect it has failed in its administrative responsibility for the NDAP.

(12) Is it the case that the department proposes to cease to fund, under the NDAP, organisations focused on systems advocacy as proposed in the department’s consultation paper. No. 127—7 February 2007 177.

(13) Does the department believe that systemic discrimination, abuse and neglect perpetrated on persons with disabilities have been eradicated from Australian life; if so: (a) how has this assessment been made; and (b) what conclusions have been drawn; if not, why is the department dismantling a service system established to challenge such discrimination, abuse and neglect.

(14) What programs does the department employ to address structural discrimination, abuse and neglect of people with disabilities at the: (a) local; (b) regional; and (c) state levels.

(15) In determining the geographic spread and mix of advocacy service types available to persons with disabilities, has the department taken into account advocacy for persons with disabilities funded by state and territory governments; if so, where and how is this reflected in the initiatives proposed in the department’s consultation paper; if not, why not.

(16) Does this represent a failure of the department to fulfil its joint planning responsibility with the states and territories under the Commonwealth State and Territory Disability Agreement.

(17) Is the department concerned that its current unilateral approach may lead to distortions in the distribution of advocacy services for persons with disabilities across Australia.

(18) What is the estimated cost per annum of the proposed central advocacy call centre.

(19) Will the funds to operate the call centre be taken from the existing funding of the NDAP.

(20) Is the Minister confident that the national call centre will be able to keep up with projected demand for advocacy services; if so, what programs does the department have in place to ensure that projected demand is met.

(21) Does the department intend to conduct a competitive tender for all existing funding under the NDAP.

(22) When will this tender be conducted.
(23) Will the tender be based on particular specifications for each service to be funded; if so, what will those specifications be.

(24) What planning regions will be used to determine the distribution of funding for the NDAP.

(25) What funds have been set aside for each region.

(26) How has the department liaised with state government disability service agencies on all aspects of the proposal.

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

(1) (a) No. (b) No.

(2) No. There is no inconsistency with the Department’s responsibility under the Disability Services Act 1986.

(3) The National Disability Advocacy Program is funded under the Employment and Other Assistance Appropriation. In 1995-96 $10.211 million was spent and in 2006-07 an estimated $12.40 million will be provided under the program. As part of the 2007-08 Federal Budget, the Australian Government will be provided an additional $12.2 million over four years to fund improvements to the program and deliver extra services to people with disability who are most in need.

(4) No, the National Disability Advocacy Program is funded under the Employment and Other Assistance Appropriation and is not reported separately in the Portfolio Budget Statement.

(5) The National Disability Advocacy Program is funded under the Employment and Other Assistance Appropriation and is not reported separately in the Portfolio Budget Statement. In 1995-96 $10.211 million was spent and in 2006-07 an estimated $12.40 million will be provided under the program. As part of the 2007-08 Federal Budget, the Australian Government will be provided an additional $12.2 million over four years to fund improvements to the program and deliver extra services to people with disability who are most in need.

(6) The National Disability Advocacy Program is funded under the Employment and Other Assistance Appropriation and is not reported separately in the Portfolio Budget Statement. Indexation and the efficiency dividend is applied to the Employment and Other Assistance Appropriation.

(7) The evaluation by Social Options Australia was one source of information for the proposed changes to the National Disability Advocacy Program. The initiatives outlined in the department’s consultation paper Enhancing the National Disability Advocacy Program are based on a range of information including program data such as: quarterly performance reports completed by services, the Disability Census, and the Strategic Reporting Framework for Advocacy developed jointly with the Disability Services Queensland under the Commonwealth and State/Territory Disability Agreement.

(8) (a) The department has not accepted all of the findings or recommendations of the Social Options Australia report. (b) Social Options Australia were provided with verbal feedback through regular meetings and dialogue with departmental officers. (c) The evaluation by Social Options Australia was one source of information for the proposed changes to the National Disability Advocacy Program. The initiatives outlined in the department’s consultation paper Enhancing the National Disability Advocacy Program are based on a range of information including program data such as: quarterly performance reports completed by services, the Disability Census, and the Strategic Reporting Framework for Advocacy developed jointly with the Disability Services Queensland under the Commonwealth and State/Territory Disability Agreement. (d) The report by Social Options Australia is the consultant’s analysis of potential areas for improvement for the National Disability Advocacy Program.

(9) Currently there is no reliable data to on the level of unmet demand.

QUESTIONS ON NOTICE
(10) Consultants Social Options Australia were asked to estimate the level of unmet demand. Anecdotal evidence as outlined in the Social Options Australia report suggests that there is a high level of unmet demand for individual advocacy. The proposed recording and reporting system would provide a partial basis to collect such information.

(11) No.
(12) No.
(13) No.

(14) The Quality Strategy for Disability Employment Services has a strong human rights focus in service delivery. Standard 12, ‘Protection of human rights and freedom from abuse and neglect’ requires service providers to demonstrate to independent accredited certification bodies how they embed these practices into everyday service delivery. This Disability Service Standard requires that government funded disability services must act to prevent abuse and neglect and to uphold the human rights of service recipients.

The National Disability Abuse and Neglect Hotline provides anyone the opportunity to report any incidents of abuse and neglect of people with disability.

Under the Consumer Training and Support Program the department has contracted Wodonga TAFE to develop a range of training materials for people with disability. Employment and advocacy services funded by the department are expected to regularly run this training for their service recipients.

The Office for Women has funded Women with Disabilities Australia to develop a product for women with disabilities about domestic violence.

Through the National Secretariat Program, the Australian Government funds a range of peak bodies to represent the interests of disability employment services, people with disability, their families and carers.

(15) Over the last two decades the department has worked with State and Territory Governments to ensure when establishing new advocacy services that these are in areas where no other service is funded. The department will continue to work with the State and Territory Governments to ensure that geographic coverage of advocacy services is improved.

(16) No.
(17) No. The department will continue to ensure an improved equitable distribution of advocacy services in implementing changes to the program.
(18) No costing has been finalised.
(19) No.

(20) Currently some callers to advocacy services require simple telephone advice on how to self advocate. Should a call centre be established, it could take on these type of calls freeing up advocacy services to deal with the more complex advocacy cases.

(21) Yes. The government is committed to ensure that its funds only the best advocacy services through a competitive assessment process.

(22) The final timeframe has not been confirmed.
(23) The issue is still under consideration.
(24) The issue is still under consideration.
(25) The issue is still under consideration.
(26) The department has written to the State and Territory governments several times during the review to keep them informed about the process.
The department met with state and territory government representatives in October 2006 as part of the face to face consultations that accompanied the release of the Enhancing the National Disability Advocacy Program paper.

The department has established a reference group and consultation committee both of which have a representative from state government.

Consultations with the state and territory governments will be ongoing as the initiatives are developed.

Corporate Insolvency Laws
(Question No. 2982)

Senator Murray asked the Minister representing the Minister for Employment and Workplace Relations, upon notice, on 6 February 2007:

(1) Is the Minister aware of the June 2004 Report by the Parliamentary Joint Committee on Corporations and Financial Services, Corporate Insolvency Laws – a Stocktake, which made a number of recommendations to address the non-payment of employee entitlements, including superannuation contributions and workers compensation payments by phoenix companies, especially in the building and construction industry.

(2) Is the Ministers aware of the work of the Australian Securities and Investment Commission (ASIC) through the Assetless Administration Fund in cracking down on the systematic misbehaviour of company officers who deliberately avoided their responsibilities to creditors, including employees, who had missed out on entitlements due to their actions. (see ASIC Media Release 07-05 of 8 January 2007 Phoenix crackdown reaps results, ASIC Media Release 07-02 of 5 January 2007 Nine directors banned and ASIC Media Release 06-420 of 5 December 2006 ASIC bans 9 directors).

(3) Does the Minister agree that companies and their officers that have been found guilty of engaging in phoenix arrangements could also be failing to comply with the payment of employee entitlements such as superannuation, long service leave and workers compensation premiums.

(4) (a) Does the Office of Workplace Services (OWS) monitor the work of ASIC in relation to phoenix companies, including the Assetless Administration Fund and related enforcement programs; and (b) follow-up on matters related to it which may arise from the ASIC investigations.

(5) Is there a memorandum of understanding between ASIC and OWS in place so that: (a) these matters can be properly followed up; and (b) workers do not miss out on entitlements which are properly owed to them, or employers are prosecuted for failing to pay entitlements.

(6) (a) Can details be provided of any measures that have been taken in association with the Council of Australian Governments to enhance the detection of phoenix activity and the prosecution of offenders; and (b) has the Minister raised the adequacy of arrangements for checking business names of companies on state business names registries against the ASCOT database with an appropriate ministerial forum, as recommended in the June 2004 report on insolvency by the Parliamentary Joint Committee on Corporations and Financial Services.

(7) (a) Can the Minister advise how much of the additional $62 million allocated to the General Employee Entitlements and Redundancy Scheme (GEERS) enhancements that apply to insolvencies after 1 November 2005 has been spent; and (b) are there any plans for further GEERS enhancements to employee entitlements under the Government’s proposed new insolvency laws.

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

(1) Yes.
(2) Yes.
(3) I cannot comment on the particular circumstances of companies found guilty of engaging in phoenix arrangements unlawfully.

(4) (a) No. (b) Not applicable.

(5) There is no memorandum of understanding in place.

(6) (a) (The following answer has been provided by the Department of the Prime Minister and Cabinet):

We are unaware of measures taken in association with COAG to enhance the detection of phoenix activity and the prosecution of offenders. (b) This question should be referred to the Treasurer.

(7) (a) In respect of the General Employee Entitlements and Redundancy Scheme enhancements, approximately $11.36 million has been expended to 31 December 2006. (b) No.

Estimated cost: Based on the FOI calculator it has taken approximately 8 hours at an estimated cost of $160.00 to prepare this answer.

**Environment and Water Resources: Killing of Animals**

(Question No. 3020)

**Senator Bartlett** asked the Minister representing the Minister for the Environment and Water Resources, upon notice, on 22 February 2007:

(1) Does the department provide funding to non-government organisations whose objectives or activities include the culling of either native or introduced animals living in the wild; if so, can details be provided of: (a) names of the organisations; (b) amount of funding; and (c) names of the funding programs.

(2) Do any of these organisations qualify for funding either primarily or partially on the basis that their objectives or activities include the killing of animals (for example, pest control); if so, which organisations receive these moneys: (a) primarily; or (b) partially, on this basis.

(3) What steps does the department take, prior to paying these moneys, to ensure that any killing of animals undertaken will be: (a) conducted humanely; and (b) economically cost effective, (for example, if moneys are paid to an organisation to assist it with the killing of cane toads, what steps are taken to ensure that: (i) the toads are killed as quickly and painlessly as possible, and (ii) the killing of the cane toads will have a beneficial effect in terms of reducing the damage perceived to be caused by the toads).

(4) Does the department provide these organisations with any guidelines and/or advice on the most humane killing techniques and methods for each particular species; if so: (a) who prepares these guidelines and/or advice; (b) on what information and expert advice is it based; and (c) in what form are the guidelines and/or advice provided.

(5) Does the department assess the effectiveness of these organisation’s activities in terms of addressing the perceived problem.

(6) What steps does the Government take, after paying these moneys, to ensure that: (a) any killing of animals undertaken was: (i) conducted humanely, and (ii) justifiable in terms of its benefits to the Australian public; and (b) such moneys are not paid again to the same organisation for the same purpose, if any killing of animals: (i) was undertaken inhumanely, or (ii) has resulted in no discernable benefit to the Australian public.

**Senator Abetz**—The Minister for the Environment and Water Resources has provided the following answer to the honourable senator’s question:

(1) Yes. (a) Listed at Table A. (b) Listed at Table A. (c) The Australian Government Envirofund; the Natural Heritage Trust; and the National Action Plan for Salinity and Water Quality.
(2) Yes. (a) Listed at Table A. (b) Listed at Table A.

(3) (a) My Department contracted the New South Wales Department of Agriculture to develop model codes of practice and standard operating procedures for the humane capture, handling or destruction of feral animals in Australia. The Invasive Animal Co-operative Research Centre is working with the Vertebrate Pests Committee to refine the drafts to produce documents that can be agreed nationally.

The Department is considering how these codes and operating procedures can be used to guide operations funded through its natural resource management programs.

Contracts for Natural Heritage Trust (NHT) National projects require compliance with any legislation, regulations, guidelines and/or codes of practice relating to animal welfare in force in the States or Territories where the activity is to be carried out.

Contracts for NHT Regional and Envirofund projects specify the need to comply with all national and state laws.

(b) Project proposals are considered on their merit by assessment panels and approved by Ministers following recommendations by the Departments of the Environment and Water Resources and Agriculture, Fisheries and Forestry. Projects are expected to be based on good science and most effective and appropriate means for delivering an outcome.

(4) (a), (b) and (c) See the answer to (3)(a) above.

(5) My Department assesses the effectiveness of activities undertaken through standard milestone reporting processes. It also has statewide, regional and local level facilitators providing on-ground feedback on the effectiveness of programmes.

(6) (a) (i) and (ii) See the answer to (5) above. (b) (i) and (ii) Recipients known to not be operating appropriately and legally are not recommended to receive any future funding.

Table A

<table>
<thead>
<tr>
<th>Application Title</th>
<th>Primarily/Partially</th>
<th>Organisation Name</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Burragarra” - The Returning</td>
<td>Primarily</td>
<td>Friends of the Gippsland Lakes Parks and Reserves Inc</td>
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<tr>
<td>Arid Recovery</td>
<td>Partially</td>
<td>Friends of the Arid Recovery Project</td>
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<td>Berry’s Bridge Project</td>
<td>Partially</td>
<td>Carapooee Landcare Group</td>
<td>$11,460</td>
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<td>Biodiversity Enhancement, Feral Animal and Weed Control Program, Keera</td>
<td>Partially</td>
<td>Keera Landcare Group</td>
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<td>Bombay Drought Recovery - Protecting Land, Water and Biodiversity</td>
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<td>Bombay Landcare Incorporated</td>
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<tr>
<td>Boogardie Station Waters with Yards to Control Livestock and Feral Animals</td>
<td>Partially</td>
<td>Guymon Pty Ltd</td>
<td>$36,494</td>
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<td>Bruie Plains Landcare Group Inc.</td>
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<td>Buffers and Links - Landcare Action to Protect the Pyrete Forest</td>
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<td>Gisborne Landcare Group</td>
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<td>Cape York 2006 - Weeds and Feral Animal Control</td>
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<td>Cape York Peninsula Development Association</td>
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<td>Conservation Zone for the Threatened Diamond Firetail Finch</td>
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<td>Victorian YMCA Accommodation Services Pty Ltd</td>
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<td>Cross Regional Feral Animal Management</td>
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<td>Rangelands Integrated NRM Group</td>
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<td>Daintree Community Feral Pig Trapping Program</td>
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<td>Douglas Shire Joint Venture Partnership</td>
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<td>Enhancing and Maintaining the Bush Family Reserve</td>
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<td>Trust for Nature (Victoria)</td>
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<td>Application Title</td>
<td>Primarily/Partially</td>
<td>Organisation Name</td>
<td>Total</td>
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<td>Eungai Bird Sanctuary &amp; Erosion Control Project</td>
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<td>Eurobodalla Feral Control Program</td>
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<td>Bingi Landcare</td>
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<td>Feral Animal Control in the VRD region</td>
<td>Primarily</td>
<td>Victoria River District Conservation Association Inc</td>
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<td>Implementation of Edi-Black Range Local Area Plan</td>
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<td>Implementation of the Warby Range Local Area Plan - Lower Ovens</td>
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<td>Implementing Bioregional Planning in the Broken Riverine Plains</td>
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<td>Land and Water Protection and Regeneration of Barker Creek</td>
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<td>The Trustee for A A Barker Trust</td>
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<td>Kinyipanial Landcare Group</td>
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<td>The Australian Landcare Trust</td>
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<td>Management of the Unique Everard Ranges Utilizing Traditional Knowledge</td>
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<td>Native Fish Habitat Restoration in the Angus River Catchment</td>
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<td>Angas River Catchment Group Inc.</td>
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<td>Primarily</td>
<td>Upper Snowy Landcare Committee Inc.</td>
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<td>Primarily</td>
<td>Kimberley Toad Busters</td>
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<td>Partially</td>
<td>Dumbleyung Bush Carers</td>
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<td>Burramine/Tungamah Land Management Group</td>
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<td>Primarily</td>
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<td>Rejuvenating Old Grazing Land on Small Holdings in the Upper Snowy</td>
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<td>$11,250</td>
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<td>Partially</td>
<td>Bukunga Combined Pistol and Shooting Club Inc.</td>
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Voluntary Student Unionism Transition Fund for Sporting and Recreational Facilities  
(Question No. 3036)

Senator Stott Despoja asked the Minister representing the Minister for Education, Science and Training, upon notice, on 27 February 2007:

(1) Did the Minister announce that projects to be funded under the first tranche of the Voluntary Student Unionism Transition Fund for Sporting and Recreational Facilities would be known by later 2006; if so what is the reason for the delay.

(2) Given that the first tranche of funding of $55.6 million is just over a third of the amount that universities collected each year via compulsory university fees, how does the government anticipate institutions will make up the shortfall.

(3) Given that the first tranche of funding equals $55.6 million, as opposed to the $40 million originally set aside for the first year of funding, what is the revised funding pattern for year 2 and year 3.

Senator Brandis—The Minister for Education, Science and Training has provided the following answer to the honourable senator’s question:

(1) In a press release on 25 October 2006, I invited applications for funding under the first round of the Voluntary Student Unionism Transition Fund for Sporting and Recreational Facilities with a closing date of 22 November 2006, indicating that successful projects would be announced later in the year. I announced the outcome slightly later than anticipated.

(2) Universities are free to charge students for services on a voluntary basis. If students want the services they are free to pay for them.

(3) The total value of the fund is $80 million. The $55.6 million in funding announced on 26 February 2007 for the first round will be allocated as follows: $40 million paid in 2007, with the balance of $15.6 million paid from the allocations for 2008 and 2009 of $30 million and $10 million respectively. $24.4 million will be available for the second and final round of the fund.

National Association of Forest Industries  
(Question No. 3048)

Senator Nettle asked the Minister for Fisheries, Forestry and Conservation, upon notice, on 20 March 2007:

(1) What is the total of payments that the National Association of Forest Industries (NAFI) has received in sponsorship for its annual conference to be held on 21 March 2007 from (a) the department; (b) the Australian Greenhouse Office; and (c) the Forest and Wood Products Research and Development Corporation.

(2) For each of the past 4 financial years, what is the total of payments from Commonwealth Government agencies to NAFI for any purpose.

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

(1) (a) $5000; (b) $5000; (c) $5000.

(2) The Department of Agriculture, Fisheries and Forestry (DAFF) has advised, as far as it can determine, of the following payments to NAFI made by DAFF and the Forest and Wood Products Research and Development Corporation (FWPRDC) from 2002-03 to 2006-07:
### QUESTIONS ON NOTICE

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year</th>
<th>Amount $</th>
<th>Purpose</th>
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<tr>
<td>DAFF</td>
<td>2002-03</td>
<td>2,750</td>
<td>Registration of DAFF staff for NAFI Future Forests Conference</td>
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<td>2002-03</td>
<td>5,000</td>
<td>Sponsorship of NAFI Future Forests Conference</td>
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<td>2003-04</td>
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<td>2004-05</td>
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<td></td>
<td>2005-06</td>
<td>5,500</td>
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<tr>
<td></td>
<td>2006-07</td>
<td>15,000</td>
<td>Website on forestry education and awareness for schools (this</td>
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<td></td>
<td></td>
<td></td>
<td>payment made from the budget of the Forestry and Forest Products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Committee which is administered by DAFF and includes a State/Territory</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>component of $11,250)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>700</td>
<td>Registration of DAFF staff for NAFI Future of Trees Conference</td>
</tr>
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<td></td>
<td></td>
<td>5,000</td>
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<td>FWPRDC</td>
<td>2002-03</td>
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<td>Various research projects</td>
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<td></td>
<td>2006-07</td>
<td>5,000</td>
<td>Sponsorship of NAFI Future of Trees Conference</td>
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</tbody>
</table>

In addition, DAFF regularly sponsors conferences which address the social, economic or environmental aspects of Australia’s agriculture, fisheries and forestry industries. For example; during 2006-07, DAFF contributed a total of $102,500 to the following conferences: International Landcare Conference ($50,000), Vegetation Futures Conference ($27,500) and The Biodiversity: Balancing Conservation and Production Conference ($25,000).

While DAFF does not hold information regarding payments made by other Australian Government agencies, investment by other agencies in conferences relating to environmental and social issues is substantial.

### Iraq

(Question No. 3058)

**Senator Allison** asked the Minister representing the Minister for Foreign Affairs, upon notice, on 21 March 2007:

1. Can the Minister advise whether four women sentenced to death, namely Samar Sa’ad ‘Abdullah, Wassan Talib, Zeynab Fadhil, and Liqa Qamar, (aged between 25 and 31) were executed in the Green Zone in Baghdad on 8 March 2007, International Women’s Day, as planned.

2. Is the Minister aware that executions of women were formally prohibited under Iraqi law from 1965 on the grounds that women are life givers and life nurturers, but were reinstated in August 2004 by the interim Government of Iraq.

3. What, if any, representations has the Australian Government made to the Iraqi Government with respect to the decision of Iraq to reinstate executions of women.

4. Is the Minister aware that Amnesty International questions the circumstances that led to the sentencing of these women by the Central Criminal Court of Iraq between 2005 and 2006.

5. Is the Minister aware that the Government of Iraq has decided to honour four Iraqi officers that have been accused of raping a young woman.

6. What action has been taken against soldiers from the United States of America accused of the gang rape and burning of a 14 year old Iraqi girl.
(7) Can the Minister confirm: (a) that in late December 2006, three female students from Mustansiriya University were kidnapped by militias and, despite the payment of a ransom, their bodies were found in a morgue on 22 December 2006 bearing signs of rape and torture; and (b) that official sources denied the incident although students from the university confirmed it.

(8) Can the Minister confirm that, since 2003, there have been 1,053 documented cases of rape by the occupation forces, militias and police that took place in Iraq, as reported in a recent interview with Mohamed Iraqi MP, Al Dainey on Al Sharqiya TV.

(9) What is the Australian Government doing in order to liberate and protect the rights of Iraqi women.

(10) Is the Minister aware of the report of the United Nations Assistance Mission in Iraq Human Rights Report —1 November - 31 December 2006 which indicates, in paragraph 8, that ‘Law enforcement agencies do not provide effective protection to the population of Iraq and increasingly militias and criminal gangs act in collusion with, or have infiltrated the security forces. Operations by security and military forces, including by MNF I, continued to result in growing numbers of individuals detained and without access to judicial oversight’.

(11) (a) Can the Minister confirm that, during 2006, a total of: (i) 34,452 Iraqi civilians were killed, and (ii) 36,685 Iraqi civilians were wounded; and (b) in each case, how many of these were women.

(12) Is the Minister aware of reports of torture, ill-treatment and lack of judicial process at the hands of Iraqi authorities.

(13) Is the Minister aware: (a) of reports that adequate safeguards against torture and ill-treatment are not in place in Multinational Force detention facilities; and (b) that thousands of people continue to be held without charge or trial.

(14) What representations has the Australian Government made to the Government of Iraq with respect to human rights and justice in Iraq.

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

(1) Advice to me is that these individuals have not been executed and are appealing their cases. Their appeals are yet to be heard.

(2) Yes.

(3) and (4) The Australian Government has made representations on capital punishment and the Iraqi Government is aware of our position. The Australian Government remains concerned about the challenges for Iraqi forces to provide an adequate level of due process. Officials have met with the Minister for Justice and made the concerns of the Australian Government known.

(5) and (8) The Australian Government is encouraged that the Iraqi Council of Representatives passed the Military Court Procedures Law on 24 January 2007 and the Military Punishment Law on 5 February 2007. These new laws formally establish Iraq’s military justice system and include due process protections and judicial review. These laws are a positive development establishing an enforceable legal system that will protect the rights of all Iraqis.

(6) These matters are being addressed by the relevant authorities in the United States of America.

(7) The Australian Government remains concerned about violence in Iraq, which continues at high levels and affects all Iraqis. The Australian Government continues to assist in providing practical support to efforts by the Iraqi Government and Coalition to create a safe and secure environment in which all Iraqi people are able to enjoy the full range of fundamental rights and freedoms.

(9) The Australian Government remains strongly committed to promoting the rights of all Iraqis, including Iraqi women, through our humanitarian aid program. Iraq’s Constitution gives all Iraqis civil and human rights denied to them by the Saddam Hussein regime, including freedom of speech, assembly and worship.
(10) Yes.
(11) The Government remains concerned about the security situation in Iraq. There are no authoritative estimates on the total number of Iraqi civilian casualties or the number wounded. Estimates, and the methods used to compile them, vary widely.
(12) and (13) The Australian Government is aware of such reports.
(14) The Australian Government has ongoing discussions with, and has made representations to, the Iraqi Government on a range of matters.

Zimbabwe

(Question No. 3069)

Senator Stott Despoja asked the Minister representing the Minister for Foreign Affairs, upon notice, on 23 March 2006:

(1) What is the Government’s position on the public order and security cooperation agreement signed in March 2007 between Angola and Zimbabwe.

(2) (a) Is the Minister aware of reports that 2 500 Angolan paramilitary police have been sent to Zimbabwe to assist the regime of President Mugabe in cracking down on unrest; and (b) can the Government verify whether these Angolan forces have in fact been deployed.

(3) If there are in fact Angolan paramilitary police working with President Mugabe’s regime: (a) what is the Government’s position on that deployment; and (b) will the Government consider punitive action against Angola.

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

(1) The Government is not aware of the contents of the agreement on public order and security cooperation signed in March 2007 between Angola and Zimbabwe. Press reports indicate that it relates to international security issues such as terrorism, arms trafficking and people trafficking.

(2) I am aware of reports, that have subsequently been denied by both the Angolan and Zimbabwean Governments, that a number of Angolan paramilitary police were to be deployed to Zimbabwe from April 2007. According to information available to the Department of Foreign Affairs and Trade, the reports were not accurate and no Angolan security or police forces have been or are planned to be deployed to Zimbabwe at the present time.

(3) See answer to question (2).

Defence Materiel Organisation: Project Managers

(Question No. 3076)

Senator Mark Bishop asked the Minister representing the Minister for Defence, upon notice, on 27 March 2007:

(1) How many project managers worked for the Defence Materiel Organisation (DMO) at is inception.

(2) (a) How many project managers are currently employed by the DMO, including trainee project managers;
(b) how many of these are on a retention bonus:
(i) in total, and
(ii) as a percentage of the total number of project managers.

(3) What is the average retention bonus.

(4) How are retention bonuses calculated.
(5) (a) Who is the project manager for the Landing Helicopter Dock (LHD) Project;
(b) is this project manager paid a retention bonus; if so, how much per year:
   (i) in total, and
   (ii) as a percentage of the project manager’s salary; and
(c) what is the lifetime of this project manager’s Australian Workplace Agreement.

(6) Does any project manager receive a performance bonus as well as a retention bonus.

(7) (a) How are performance bonuses:
   (i) calculated, and
   (ii) paid; and
(b) under what conditions are they paid.

Senator Ellison—The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) It is not possible to advise how many project managers worked for the Defence Materiel Organisation (DMO) at its inception.

(2) There are currently 441 project managers. New entrants to the project management field are frequently sourced from other disciplines within DMO’s Graduate Scheme. Nine project managers, or two per cent of the total number, are on a retention bonus.

(3) The average retention bonus is $32,777 over three years.

(4) The DMO Remuneration Committee considers submissions from senior managers for retention and performance bonuses for employees. The Committee makes a decision based on specified criteria, including market rates for project managers, the criticality of the project, the complexity of the project manager’s key expected results (KERs), the performance to date of the project manager and the risk to the project should the current project manager leave the project.

(5) The project manager for Landing Helicopter Dock (LHD) is Mr Kim Gillis. Details of the content of his remuneration package cannot be disclosed. Mr Gillis’ AWA is in force for the duration of his non-ongoing employment contract.

(6) Eight project managers receive both performance and retention bonuses.

(7) (a) (i) Performance bonuses are calculated as a percentage of an employee’s base salary and paid via the salary system.

   (ii) They are paid when both the relevant senior manager recommends and CEO DMO determines, via a performance assessment process, that the employee has met or exceeded agreed performance targets.

Tourism Australia
(Question No. 3079)

Senator Stephens asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 27 March 2007:

With reference to the range of consumer marketing activities of the Agency Budget Statements listed on page 188 of the department’s Portfolio Budget Statements 2006-07 which includes the Visiting Journalist, Aussie Specialist Travel Agent and Aussie Enthusiast Trade Support programs:

(1) Can a list be provided of all marketing programs in which Tourism Australia is involved.

(2) For each of these programs what is the: (a) total costing; (b) staffing costs; (c) recurrent costs; and (d) administration costs.
Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

(1) Tourism Australia undertakes a large range of marketing, events and PR related activities which contribute to promoting Australia internationally and domestically with the objective of increasing total visitor spend in Australia and increasing the international leisure travellers’ intention to visit Australia.

Listed below are a range of activities, including consumer marketing activities that Tourism Australia undertook in 2005/06:

- Launch of the new global campaign, A Uniquely Australian Invitation
- Leveraging activities around major events including the Melbourne 2006 Commonwealth Games and the Queen’s Baton Relay
- Global Programmes including activities with National Geographic and Discovery Channel, such as the Great Australian Outback Cattle Drive
- Establishment of Indigenous Tourism Australia
- Caravan Safari Trails Pilot Programme
- National Landscapes Programme
- Trade and Business Events Programme, which included Tourism Australia participation at over 25 international events and the holding of the Australian Tourism Exchange, the largest trade show of its kind in the Southern Hemisphere
- Establishment of Tourism Events Australia
- Co-operative activities with industry and trade partners such as Qantas, JAL, Singapore and the State and Territory Organisations in key international markets.
- Aussie Specialist Programme
- Aussie Enthusiast Programme
- G’Day LA Week activities
- Visiting Journalist Programme
- Digital activities including the launch of dedicated youth sites in key international markets targeting youth and student travel, development of supporting material for the new global campaign including a digital consumer postcard campaign and dedicated campaign website.
- Domestic marketing activities including the No Leave No Life research and pilot programme and national media partnerships including Explore magazine with Fairfax.

More information on the detail of these activities is available in the Tourism Australia 2005/06 Annual Report and at the Tourism Australia corporate site at www.tourism.australia.com

(2) Due to the large number of projects Tourism Australia is involved in and the fact that resources for these are often split across projects, teams and indeed even across regions, it is very difficult to provide a breakdown of expenditure or budget across every program. In addition, due to the commercial nature of this information, it would be competitively disadvantageous to provide more detailed information. The figures provided below are budget figures for the 2006/07 financial year and are allocated against the outputs assigned to Tourism Australia in the 2006/07 Agency Budget Statement.
<table>
<thead>
<tr>
<th>Output 1</th>
<th>Gross AUD ‘000</th>
<th>Net AUD ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy &amp; Research</td>
<td>12,544</td>
<td>10,304</td>
</tr>
<tr>
<td>Corporate Expenses/Support</td>
<td>7,251</td>
<td>6,074</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19,795</strong></td>
<td><strong>16,378</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Output 2</th>
<th>Gross AUD ‘000</th>
<th>Net AUD ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Events</td>
<td>3,493</td>
<td>3,415</td>
</tr>
<tr>
<td>Industry and Organisational Executive &amp; ITA &amp; Experiences</td>
<td>3,107</td>
<td>3,366</td>
</tr>
<tr>
<td>Partnership Marketing</td>
<td>1,144</td>
<td>1,239</td>
</tr>
<tr>
<td>Trade Events</td>
<td>4,081</td>
<td>-1,012</td>
</tr>
<tr>
<td>In-region Trade Events &amp; Business Tourism</td>
<td>2,605</td>
<td>2,650</td>
</tr>
<tr>
<td>Corporate Expenses/Support</td>
<td>5,755</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20,185</strong></td>
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<tr>
<td>Consumer Marketing</td>
<td>9,022</td>
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<td>Digital</td>
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<td>PR/International Media</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>102,666</strong></td>
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**TOTALS**                    | **158,661**   | **133,845** |

**Tourism Australia**

(Question No. 3081)

**Senator Stephens** asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 27 March 2007:

(a) Can a list be provided of all Tourism Australia programs; and

(b) For each of these programs, what is the cash forward estimate for each of the financial years 2006-07, 2007-08, 2008-09 and 2009-10.

**Senator Minchin**—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

(a) Tourism Australia undertakes a large range of marketing, events and PR related activities which contribute to promoting Australia internationally and domestically with the objective of increasing total visitor spend in Australia and increasing the international leisure travellers’ intention to visit Australia.

- Listed below are a range of activities Tourism Australia undertook in 2005/06:
  - Launch of the new global campaign, A Uniquely Australian Invitation
  - Leveraging activities around major events including the Melbourne 2006 Commonwealth Games and the Queen’s Baton Relay
  - Global Programmes including activities with National Geographic and Discovery Channel, such as the Great Australian Outback Cattle Drive
  - Establishment of Indigenous Tourism Australia
• Caravan Safari Trails Pilot Programme
• National Landscapes Programme
• Trade and Business Events Programme, which included Tourism Australia participation at over 25 international events and the holding of the Australian Tourism Exchange, the largest trade show of its kind in the Southern Hemisphere
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• Domestic marketing activities including the No Leave No Life research and pilot programme and national media partnerships including Explore magazine with Fairfax.

More information on the detail of these activities is available in the Tourism Australia 2005/06 Annual Report and at the Tourism Australia corporate site at www.tourism.australia.com

(b) Due to the large number of projects Tourism Australia is involved in and the fact that resources for these are often split across projects, teams and indeed even across regions, it is very difficult to provide a breakdown of expenditure or budget across every program. In addition, due to the commercial nature of this information, it would be competitively disadvantageous to provide more detailed information. The figures provided below are budget figures for the 2006/07 financial year and are allocated against the outputs assigned to Tourism Australia in the 2006/07 Agency Budget Statement.

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<td>Consumer Marketing</td>
<td>9,022</td>
<td>9,059</td>
</tr>
<tr>
<td>Digital</td>
<td>3,756</td>
<td>3,772</td>
</tr>
</tbody>
</table>
Expense revenue has been provided for the financial year 2006/07. Information is not currently available for 2007/08 and beyond as this is still in the planning phase.

**Aboriginals Benefit Account**

(Question No. 3082)

**Senator Crossin** asked the Minister representing the Minister for Families, Community Services and Indigenous Affairs, upon notice, on 27 March 2007:

With reference to the Aboriginal Benefit Account:

(1) For each of the past 10 financial years: (a) what has been the total amount available for expenditure through discretionary grants; and (b) what proportion of that money: (i) has been allocated to initiatives and/or grants, (ii) has been granted specifically for economic development initiatives, and (iii) has been granted specifically for Indigenous art initiatives including, but not limited to Aboriginal arts centres, infrastructure needs, commercial training and development strategies.

(2) (a) How many grants have been approved by the Minister but have not yet been administered; and 
(b) for each of these grants: (i) what year was the grant approved, and (ii) what was the amount of the grant.

**Senator Scullion**—The Minister for Families, Community Services and Indigenous Affairs has provided the following answer to the honourable senator’s question:

The total amount of discretionary funding available for expenditure as grants from the Aboriginals Benefit Account over this period were:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Amount of discretionary funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>$4,503,920</td>
</tr>
<tr>
<td>1997-98</td>
<td>$3,614,679</td>
</tr>
<tr>
<td>1998-99</td>
<td>$11,321,001</td>
</tr>
<tr>
<td>1999-00</td>
<td>$10,423,514</td>
</tr>
<tr>
<td>2000-01</td>
<td>$7,102,914</td>
</tr>
<tr>
<td>2001-02</td>
<td>$7,466,519</td>
</tr>
<tr>
<td>2002-03</td>
<td>$4,681,091</td>
</tr>
<tr>
<td>2003-04</td>
<td>$7,338,035</td>
</tr>
<tr>
<td>2004-05</td>
<td>$13,742,440</td>
</tr>
<tr>
<td>2005-06</td>
<td>$11,051,634</td>
</tr>
</tbody>
</table>
The following proportions of discretionary payments were applied to initiatives and/or grants:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Discretionary funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>33.2%</td>
</tr>
<tr>
<td>1997-98</td>
<td>5.6%</td>
</tr>
<tr>
<td>1998-99</td>
<td>60.9%</td>
</tr>
<tr>
<td>1999-00</td>
<td>51.0%</td>
</tr>
<tr>
<td>2000-01</td>
<td>20.8%</td>
</tr>
<tr>
<td>2001-02</td>
<td>13.7%</td>
</tr>
<tr>
<td>2002-03</td>
<td>12.5%</td>
</tr>
<tr>
<td>2003-04</td>
<td>27.5%</td>
</tr>
<tr>
<td>2004-05</td>
<td>70.5%</td>
</tr>
<tr>
<td>2005-06</td>
<td>47.5%</td>
</tr>
</tbody>
</table>

The proportion of discretionary payments that were applied to economic development initiatives were:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Discretionary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>19.6%</td>
</tr>
<tr>
<td>1997-98</td>
<td>0.0%</td>
</tr>
<tr>
<td>1998-99</td>
<td>3.6%</td>
</tr>
<tr>
<td>1999-00</td>
<td>20.7%</td>
</tr>
<tr>
<td>2000-01</td>
<td>0.0%</td>
</tr>
<tr>
<td>2001-02</td>
<td>20.6%</td>
</tr>
<tr>
<td>2002-03</td>
<td>60.5%</td>
</tr>
<tr>
<td>2003-04</td>
<td>41.5%</td>
</tr>
<tr>
<td>2004-05</td>
<td>94.4%</td>
</tr>
<tr>
<td>2005-06</td>
<td>33.9%</td>
</tr>
</tbody>
</table>

Concerning discretionary funds provided specifically for Indigenous art initiatives my Department is unable to provide an answer as this would mean committing significant resources to examine several hundred files, many of them in archives. This is in my view an unreasonable diversion of departmental resources.

All funds approved as grant payments have been offered to the intended recipients.

**Depleted Uranium**

(Question No. 3083)

Senator Bob Brown asked the Minister representing the Minister for Defence, upon notice, on 28 March 2007:

Can the Minister confirm that no weapons containing depleted uranium will be used by:

(a) Australian Defence Forces; or

(b) Foreign forces in exercises in Australia in 2007 or subsequent years.

Senator Ellison—The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) I can confirm that no weapons containing depleted uranium will be used by:

(a) The Australian Defence Force; or

(b) Foreign forces in exercises in Australia in 2007 or subsequent years.
The attached Australian Defence Force fact sheet on depleted uranium provides further advice and information.

DEPLETED URANIUM

What is Depleted Uranium?
Depleted Uranium (DU) is a very dense material that is used for some types of kinetic energy penetrator ammunition, in some armours, and as counterweights in some aircraft. DU is less radioactive than naturally occurring Uranium, and, in respect of its potential chemical toxicity, it is more harmful to people as a poison hazard, if they ingest or inhale it, than as a radioactive hazard to people in its proximity.

Why use DU?
DU is used by a number of overseas armed forces in munitions because its immense density and strength enhances the penetration ability of the projectile. DU armour has also been stated by the United States (US) to be used for some variants of its Abrams tanks. Such armour is not fitted to Australian M1A1 Abrams tanks.

DU Penetrators
Although there is no specific prohibition of DU weapons by international law, a number of foreign defence forces continue to use DU ammunition, though not on Australian training ranges. The Australian Defence Force (ADF) does not use DU penetrators in any of its weapons systems preferring other materials that provide a similar military effect. The ADF’s past use was confined to one specific and limited weapon system used by the Royal Australian Navy. The system was known as ‘Phalanx’ and was a Close-In-Weapon System that was fitted to some Australian Navy vessels in 1981. Australia began phasing out DU in the mid-1980s replacing it with an Australian-made, environmentally friendly Tungsten (developed by Australian Defence scientists) and it has not been contained in any ammunition used by the ADF since the mid-1990s.

Use of DU in Iraq
The ADF has deployed a Hazard Assessment Team to Iraq to identify and evaluate the environmental and occupational threats, including DU, to ADF personnel within the Al-Muthanna Province. The Hazard Assessment Team conducted key point surveys and collection and analysis of airborne particulate matter. In addition, soil samples were analysed by the Australian Nuclear Science and Technology Organisation.

The Australian Nuclear Science and Technology Organisation analysis of multiple soil and air samples demonstrated that the total uranium levels are low, comparable to the levels found in many other places in the world, and that the isotopic ratios of this uranium is natural, not depleted. On the basis of this information, Defence considers that there is very low risk of adverse health effects from DU in Al-Muthanna. Based on this risk assessment, Defence Health Services did not require ADF personnel to wear radiation dosimeters.

DU and International Law
There is no specific prohibition in international law on the use of DU munitions. As with any weapon system the intended use of DU munitions must be assessed in accordance with the laws of armed conflict and other international law.

The disposal of waste products, such as DU residue, during armed conflict, is generally the responsibility of the authorities in control of the territory. In future, a new international convention dealing with ‘waste products’ may apply. It is Protocol V to the Convention on Certain Conventional Weapons on Explosive Remnants of War. Australia signed Protocol V in November 2003 and is in the process of ratifying the Protocol. The Protocol commits parties to undertake clearance of explosive remnants such
as grenades, shells and other unexploded ordnance following a conflict. The principal obligation to clear remnants of war is on the country controlling the territory, rather than the user of the munition.

**Use of DU weapons by US on Australian Training Ranges**

The 1963 Status of Forces Agreement between the US and Australia, clearly provides that the US Government shall conform to the provisions of Australian laws, including environmental, quarantine and industrial laws, and US personnel shall observe those laws and regulations.

There is no agreement that permits US or other foreign forces to use DU munitions on Australian territory. DU has never been in the inventory of munitions approved for use within Australia. There is no evidence that DU has ever been used by Australian or foreign forces within Australia.

**Potential Health Impact**

Defence takes its responsibility to protect the health of its military personnel, the civilian populations, and both domestic and international environments seriously. ADF personnel being deployed to the Middle East are given a pre-deployment health briefing, which specifically includes information about DU. Troops participating in ‘normal’ battleground activities would be unlikely to suffer a significant exposure to DU.

Currently, there is significant international controversy over the alleged health effects of DU, and the contribution that low-level radiation exposure may make to the total human cancer experience. Any claims that DU munitions have caused birth defects are currently not supported by scientific evidence.

Defence Health Services, in conjunction with the Department of Veterans’ Affairs, will continue to monitor any relevant medical studies into these matters.

**Screening for DU**

The ADF directly monitors the health of Australian troops and offers elective post-deployment Uranium screening tests, primarily to allay concerns that may otherwise arise of perceived risk of exposure to DU. All tests conducted have returned negative results.

Defence has a health policy in place to test for exposure to DU. This involves a medical screening on return to Australia for deployed personnel who may have been exposed, and for personnel who have concerns about exposure. To date, all tests undertaken have displayed a result within the normal range. Former members of the ADF who are concerned about possible DU exposures from the 1990-1991 Gulf War can approach the Department of Veterans’ Affairs for testing.

Screening for exposure to DU is offered to those considered at increased risk, and to those who request it. This testing is provided to allay personal concerns of exposure to DU.

**Environmental Issues**

As a general rule there are no exemptions from the requirement for Defence activities, including military exercises, to comply with Australia’s strict environmental impact assessment laws.

Only weapons approved for use on Australian ranges may be used by the US or other partners during these activities. Munitions containing DU are not approved for use. These policies are understood and adhered to by the US and other partners. If there was ever a proposal by one of our military partners to use DU munitions on Australian training ranges it would have to be thoroughly considered under Australia’s environmental laws. In all probability any such proposal would first have to be approved by the Minister for Environment and Heritage.

Defence accepts that everything we do must be underpinned by responsible and sustainable environmental management and performance. Defence has an Environmental Management System that is modeled on the international quality assurance system ISO 14001. The Environmental Management System provides the process for managing any potential environmental risks that might arise from munition residues, chemicals or other potential environmental hazards.

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**QUESTIONS ON NOTICE**
Defence is committed to undertaking its activities in a way that reflects best practice environmental performance. Rigorous environmental management regimes are applied on all Defence training areas. This includes regular community consultations to ensure community needs and expectations are considered, and a ‘good neighbour’ policy, whereby Defence will go beyond simply complying with Commonwealth legislative requirements.

**Monitoring for DU contamination**

Since Defence is confident that DU munitions have never been used on Australian land training ranges it is difficult to identify what areas a monitoring program could usefully target. The process for identifying the minute quantities of DU munition residues from naturally occurring Uranium is also complex and expensive work. For this reason, in the absence of any realistic risk to the environment or people, Defence does not routinely test for evidence of DU munition use at its training ranges. Defence would not object to third parties conducting monitoring for DU on Defence training ranges, at their own expense, and subject to the usual restrictions regarding access and safety.