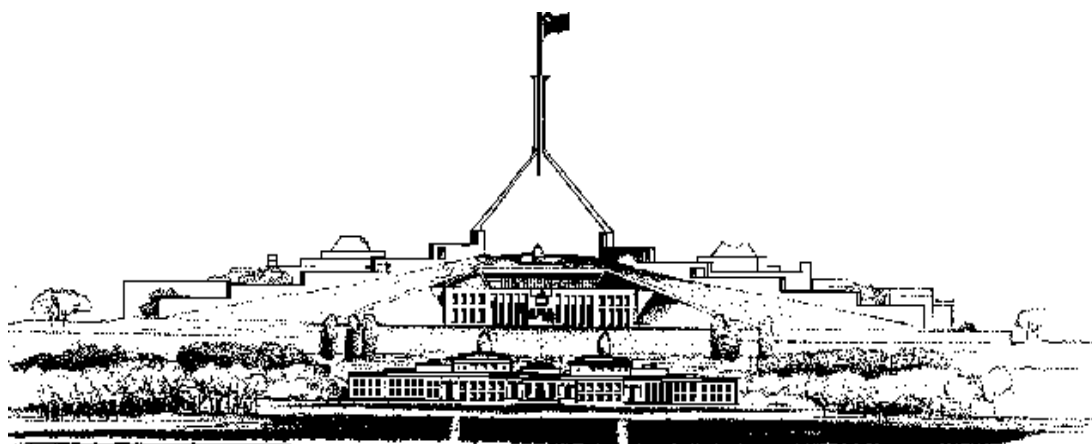




COMMONWEALTH OF AUSTRALIA

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**HOUSE OF
REPRESENTATIVES**

Official Hansard

No. 14, 2002

WEDNESDAY, 16 OCTOBER 2002

FORTIETH PARLIAMENT
FIRST SESSION—THIRD PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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February	12, 13, 14, 18, 19, 20, 21
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Wednesday, 16 October 2002

The **SPEAKER (Mr Neil Andrew)** took the chair at 9.30 a.m., and read prayers.

**CORPORATIONS AMENDMENT
(REPAYMENT OF DIRECTORS'
BONUSES) BILL 2002**

First Reading

Bill presented by **Mr Costello**, and read a first time.

Second Reading

Mr COSTELLO (Higgins—Treasurer) (9.31 a.m.)—I move:

That this bill be now read a second time.

Outline

This is a bill to amend the Corporations Act 2001 to permit liquidators to reclaim unreasonable payments made to the directors of insolvent companies.

The object of the bill is to assist in the restoration of funds, assets and other property to companies in liquidation for the benefit of employees and other creditors, where unreasonable payments have been made to directors in the lead-up to liquidation.

Background

In the wake of the collapse of One.Tel, the government announced it intended to pursue an amendment to the Corporations Act to enable the recovery of bonuses paid to the directors of companies that later collapse. In this bill, the government delivers on that commitment.

The Corporations Act already contains a range of measures, known as the voidable transaction provisions, that allow a liquidator access to moneys paid out by a company. The provisions permit the reversal of certain transactions entered into by an insolvent company in the lead-up to a liquidation. The Bankruptcy Act provides trustees with similar powers in relation to personal insolvency.

In certain limited circumstances, liquidators can attack payments made while a company is still solvent. This bill adds to those circumstances, by explicitly extending them to include unreasonable payments made to directors of companies.

The amendments cover transactions made to, on behalf of, or for the benefit of a director or close associate of a director. To be caught, the transaction must have been unreasonable, and entered into during the four years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Provisions of the bill

The main provision inserted by the bill is new section 588FDA, entitled 'Unreasonable director-related transactions'.

Subsection 588FDA(1) outlines the kinds of company transactions caught by the bill. It targets transactions that a reasonable person in the company's circumstances would not have entered into.

The reasonableness of the transaction is determined with regard to a number of factors. They include the respective costs and benefits of the transaction to the company, and the benefits received by the recipient.

The meaning of 'transactions' is broadly described to prevent avoidance. It includes a payment made by the company, as well as conveyances, transfers and other dispositions of property. It also includes the issue of securities, including options. Further, incurring an obligation to enter into any these transfers in the future would be a 'transaction' for the purposes of the bill.

The focus of the bill is transactions entered into by the company with its directors, and accordingly the recipients covered by it include directors of the company.

The bill covers two further categories of person. It includes company transactions with close associates of a director. A 'close associate' is defined under the bill to mean a relative or de facto spouse of a director, as well as the relative of a director's spouse or de facto spouse.

It will also apply to transactions entered into with third parties, where they are made on behalf of, or for the benefit of, either a director or close associate. This will prevent people avoiding the new provisions through restructuring or redirecting transactions.

Subsection 588FDA(2) provides that the reasonableness of entering into the transaction is determined at the time the company

actually enters into the transaction, regardless of its reasonableness at the time the company incurred the obligation to enter the transaction. This enables liquidators to recover payments where the true magnitude of the unreasonableness involved only becomes apparent when the company actually makes the payment, even if it appeared reasonable at the time the company agreed to make the payment.

Under subsection 588FDA(3), a transaction may be caught by the new provision regardless of whether a creditor of the company is a party to the transaction, and even if the payment was made pursuant to a court order. This mirrors existing provisions in part 5.7B in relation to uncommercial transactions entered into by an insolvent company (existing subsection 588FB(2)).

For the avoidance of constitutional doubt, the amendments will apply to unreasonable director-related transactions entered into on or after commencement of the bill. Subsection 588FE(1) is amended accordingly.

The bill provides that an unreasonable director-related transaction is voidable where it was entered into or given effect to within four years of the relation-back day. That day is usually the date of filing of an application to wind up the company, and is the usual point in time for measuring the reach of voidable transactions.

The Corporations Act already provides that the court may make a range of orders in relation to unreasonable director-related transactions. This bill makes it clear that the court may make these orders in relation to the unreasonable portion of the total transaction, taking into account the reasonable value (if any) that is attributable to it.

Approval of MINCO

In accordance with the Corporations Agreement, I can advise that the government has consulted with the Ministerial Council for Corporations in relation to the bill. The council provided the necessary approval for the text of the bill, as required under the agreement for amendments of this kind.

Conclusion

This bill makes amendments that will provide a valuable addition to the existing range

of powers available to the liquidators of insolvent companies. It permits the restoration of funds and property to a company for the benefit of employees and other creditors.

It also gives a strong statutory expression of the government's intention that directors do not receive unreasonable remuneration, particularly when creditors, employees and shareholders are at risk. Directors are in a better position than most to know the true state of affairs of the company in the short to medium term, and should not profit from this knowledge at the expense of employee and ordinary creditors.

I commend the bill to the House and present the explanatory memorandum to the bill.

Debate (on motion by **Mr Melham**) adjourned.

HIGHER EDUCATION LEGISLATION AMENDMENT BILL (No. 3) 2002

First Reading

Bill presented by **Dr Nelson**, and read a first time.

Second Reading

Dr NELSON (Bradfield—Minister for Education, Science and Training) (9.39 a.m.)—I move:

That this bill be now read a second time.

The bill currently before the House extends the application of the National Protocols for Higher Education Approval Processes to Australia's external territories, on the same basis as they apply in the states and mainland territories. The National Protocols for Higher Education Approval Processes were agreed to in 2000 by the states, the mainland territories and the Commonwealth. The protocols were designed to ensure consistent criteria and standards across Australia in the field of higher education accreditation. These national arrangements for accreditation give confidence to students, parents, employers and governments that the quality of Australian higher education is being assured.

Under this bill, the government will strengthen Australia's quality assurance framework by extending the operation of the national protocols to the external territories. External territories may no longer establish universities or authorise bodies to deliver

higher education awards without regard to the national protocols. The bill proposes penalties, on a similar basis to that applied by the states and mainland territories, for persons who breach the requirements of the proposed legislation. The bill also provides that applicants in an external territory will be able to apply in writing to the Commonwealth Minister for Education, Science and Training for authorisation in accordance with the protocols to operate as a university or other self-accrediting higher education institution, or offer higher education awards, in an external territory.

The bill expresses the government's commitment to a quality assurance system for higher education in Australia that is comprehensive in its coverage. Indeed, it would be irresponsible not to take the measures that this bill outlines. To leave the status quo in place could allow our external territories to become a haven for unauthorised and sub-standard operators wishing to avoid quality assurance processes. We have seen a number of press reports recently on questionable higher education organisations that trade through companies registered on offshore islands where no accreditation arrangements exist. Through this bill the government intends to ensure that providers in an external territory are not able to circumvent Australia's accreditation requirements. The bill is framed to prevent sellers of fake degrees from operating on or from an external territory.

It is important to note that the operation of the Greenwich University Act 1998 (Norfolk Island) will be overridden by this bill. Under the bill, Greenwich will no longer be able to trade as a university or to offer higher education awards until and if it makes an application demonstrating that it meets the requirements set out in the national protocols. Members may recall that Greenwich University was assessed by a Commonwealth review panel in December 2000 as not meeting the standards expected of an Australian university. Its continued operation with this history has the capacity—indeed, substantial capacity—to damage Australia's reputation as a high-quality, quality-assured higher education system. The institution has now had

over 18 months to address the deficiencies identified by the Commonwealth review panel and has not demonstrated that it meets the standard for an Australian university. The legislation will prevent it from trading as a university until such time as an independent expert panel provides advice to the minister that it is operating at such a standard.

For the benefit of members, I will outline the criteria which an Australian university should demonstrate to meet these protocols. The features are authorisation by law to avoid higher education qualifications across a range of fields and to set standards for those qualifications which are equivalent to Australian and international standards; teaching and learning that engage with advanced knowledge and inquiry; a culture of sustained scholarship, extending from that which informs inquiry and basic teaching and learning to the creation of new knowledge through research and original creative endeavour; commitment of teachers, researchers, course designers and assessors to free inquiry and the systematic advancement of knowledge; governance, procedural rules, organisation admission policies, financial arrangements and quality assurance processes, which are underpinned by the values and goals that I have just outlined and which are sufficient to ensure the integrity of the institution's academic programs; and, finally, sufficient financial and other resources to enable the institution's programs to be delivered and sustained into the future.

Until Greenwich University has demonstrated that it meets the standard required of a university in the national protocols, Greenwich cannot continue to call itself an Australian university or offer higher education awards. Any person contemplating enrolling at Greenwich University should understand that the Australian government does not vouch for the quality of universities not listed on the relevant register of the Australian Qualifications Framework. Prospective students, employers, tertiary education institutions accepting graduates from another university, or officials assessing applications for migration purposes should be aware that a degree or any other higher education award

from Greenwich University has no recognised status in Australia.

Finally, the bill contains measures to enable the Minister for Education, Science and Training to approve use of the title 'university' in a company or business name in an external territory. This measure will prevent a body in an external territory from registering a company or business name using the title 'university' without the minister's written approval. The immediate effect of this measure will be to require the International University of America Pty Ltd on Norfolk Island and any other bodies registered in the external territories with the name 'university' to cease using the word 'university' in their company or business name.

I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by **Mr Melham**) adjourned.

**MIGRATION LEGISLATION
AMENDMENT (MIGRATION ADVICE
INDUSTRY) BILL 2002**

First Reading

Bill presented by **Mr Hardgrave**, and read a first time.

Second Reading

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs) (9.46 a.m.)—I move:

That this bill be now read a second time.

The *Migration Legislation Amendment (Migration Advice Industry) Bill 2002* amends the Migration Act 1958 to ensure that the current statutory regulatory arrangements in relation to the migration advice industry continue to exist.

The Migration Act currently contains provisions that regulate the migration advice industry. However, these provisions are subject to termination, contained in a sunset clause which takes effect on 21 March 2003.

The 2001-02 Review of Statutory Self-regulation of the Migration Advice Industry recently reported to government. The review concluded that the migration advice industry will not be ready for voluntary self-regulation by March 2003.

The government has accepted this recommendation. The amendment in this bill will ensure that the industry regulator—the Migration Institute of Australia, appointed as the Migration Agents Registration Authority—will continue to operate. The government will review these arrangements again in the future.

The industry regulator needs stronger legislative support to deal with unscrupulous agents who continue to exploit vulnerable clients and undermine the integrity of our long-established immigration processes.

I plan to introduce further legislation in due course to implement other key review recommendations. These include a scheme that will require overseas agents to be registered in order to deal with our embassies and consulates. Regulation of offshore agents will be a major change for this industry.

In addition, the migration agents code of conduct will be strengthened to allow more scope to impose sanctions against agents who do not operate in a professional and ethical manner.

Other changes will improve consumer protection—firstly, by making more information available to clients about their rights, what they can expect from a professional agent and fee levels within the industry; and, secondly, by addressing the activities of a small but particularly unscrupulous group of agents who exploit vulnerable clients and encourage applications and appeals that they know have little or no chance of success.

The integrity of our immigration system demands strong and effective action by the government against unscrupulous migration agents. It is worth noting that people do not have to use a migration agent to access the services provided by my department, but those who decide, for whatever reason, that they should use a migration agent to assist them in the processes must use a registered migration agent to ensure that their rights are well protected by the law.

I commend the bill to the chamber and present the explanatory memorandum.

Debate (on motion by **Mr Melham**) adjourned.

**VOCATIONAL EDUCATION AND
TRAINING FUNDING AMENDMENT
BILL 2002**

Second Reading

Debate resumed from 15 October, on motion by **Dr Nelson**:

That this bill be now read a second time.

upon which **Mr Albanese** moved by way of amendment:

That all words after "That" be omitted with a view to substituting the following words:

"whilst not seeking to deny the Bill a second reading, the House condemns the Government for:

- (1) failing to develop comprehensive transition strategies to assist young people, thereby abandoning at least 205,300 15 to 19 years olds, placing them at risk of not making a successful transition from school to work;
- (2) failing to keep its election promise to young people to provide a comprehensive response in the 2002 budget to the Youth Pathways Report;
- (3) failing to address youth unemployment, which is on the rise;
- (4) refusing to acknowledge the substantial adverse impact that the Government's Welfare Reform initiatives are having on TAFE;
- (5) failing to take a holistic approach to the needs of indigenous Australians resulting in a decline in participation in courses leading to a qualification;
- (6) the Minister's double standards in espousing concern for the welfare of young Australians but failing to take any meaningful action to invest in their training needs; and

the House further notes that State and Territory Labor Governments have made significant achievements in the implementation of VET in schools while the Commonwealth has refused to provide growth funding, making the Labor States and Territories the leaders in this field".

Mrs ELSON (Forde) (9.49 a.m.)—I am very pleased to rise today to support the **Vocational Education and Training Funding Amendment Bill 2002**, which builds on the government's extremely strong commitment to vocational education and training.

I always welcome the opportunity to speak about vocational education and training. I think that too often some sections of

the media tend to focus on university degrees as the be-all and end-all and to undervalue the tremendous role of vocational education in Australian society. And it is not just the media that tend to do this; for many years, the previous Labor government chose to downgrade the importance of vocational education and training. In fact, disgracefully, Labor allowed apprenticeships to fall to their lowest level in 30 years. One of the first things our government did on election to office in 1996 was dramatically increase funding for apprenticeships and traineeships, thereby opening up educational opportunities for the many thousands of young people who do not go on to study at universities and colleges.

The bill we are debating today will allow for even more opportunities. It effectively boosts funding for vocational education and training for the current year by over \$24 million, in line with normal price adjustments. It also appropriates a record \$1.09 billion for vocational education and training in 2003. This bill also delivers our commitment to provide additional growth funding in 2003 for those states and territories that satisfy the provisions of the current Australian National Training Authority agreement. It is tremendous to see more than \$76 million in growth funding allocated this year, and it will be matched by the states and territories under the agreement. The figure could rise to up to \$101 million next year under this legislation.

I have spoken many times in this House about the value of vocational education and training and how it provides further choice and opportunities for our young Australians. As a mum of eight, I know that all children are different and that each one must have the flexibility to pursue the options that suit them best, and that is especially so when it comes to their education. Some of my children have completed apprenticeships, some have trained at TAFE and others have university degrees.

With less than 30 per cent of our school leavers going on straight to university, it is obvious that we owe our young Australians a lot more than the narrow focus of a university education. In the electorate I am very

proud to represent, less than 10 per cent of local residents have a formal university degree, but we have a thriving community based on hard work and enterprise. We have tremendously successful people who are always ready to help others. We have a large number of tradespeople and highly skilled workers. It is important that as a government we continue to promote and support the value of vocational education, which is an option more and more people, both young and old, are keen to pursue.

I am very lucky to have some outstanding providers of vocational education and training in my electorate. The largest is the highly successful Logan Institute of TAFE, which since its inception in 1988 has gone from strength to strength. I take this opportunity today to congratulate the institute, its staff and all the other staff who work at the four different campuses throughout our region: Loganlea and Beaudesert, which are in my electorate, and Browns Plains and Springwood in neighboring electorates. The TAFE plays a very important role in our community and, like most vocational education and training institutions, it has engaged the local business community to provide genuine pathways from education and training to employment. It is important that TAFE plays a pivotal role in delivering the skills necessary for local industry to grow and to create a more dynamic and successful local economy.

I am also very pleased to have a very high degree of local secondary schools actively participating in vocational education and training within my electorate. It is a growing trend that is creating very real and practical pathways between education and employment. An estimated 170,000 Australian students participated in vocational education and training in schools last year. The Australian National Training Authority funding provided in this bill includes \$20 million each year to assist with the implementation of vocational education and training in schools.

I was very pleased to welcome the Minister for Education, Science and Training, the member for Bradfield, into my electorate just last month to meet with another local vocational education provider, the Beenleigh In-

dustry Training Network. The Beenleigh Industry Training Network organises around 300 placements annually for local students undertaking vocational education and training. This program has strong school membership and community support, with the majority of placements with small to medium employers in the key industries of early childhood care, hospitality, tourism, information technology and the rural sector. I know that the minister welcomed the opportunity to speak directly with network representatives on what is being achieved in Beenleigh and how it is benefiting our community. I would like to thank all of the staff at the Beenleigh Industry Training Network for the tremendous work they do within my community. The minister also knows he is welcome back at any time, and certainly our representatives from local schools appreciated the opportunity to meet with him as well and had some genuine discussions with him around the table. I am a strong believer in ministers seeing first-hand the way our policies are working so that they can get feedback from the people on the ground, iron out any problems and build on what is working.

I am pleased to say that I have welcomed seven ministers to my electorate in the past four months to talk directly with local residents, including the Prime Minister last month. I also have two ministers coming in the next week or so, so I welcome them also to Forde. Local residents appreciate the fact that our government is taking a more hands-on approach. We remain determined to stay in touch with the community, which is in stark contrast to the way that the Labor government was driven by the Canberra bureaucracy and special interest groups. I believe the area of vocational education and training is a prime example of how our government continues to deliver on what the community needs and wants. In this year's budget alone we have provided \$54 million for additional new apprenticeship incentives, especially in the field of information technology and other emerging highly skilled occupations. This will further strengthen our apprenticeship system, which, as I mentioned earlier, Labor very sadly neglected for many years.

The latest figures show there is currently a record 330,000 new apprenticeships in training. That is more than double the around 140,000 places at the beginning of 1996. It is an incredible achievement and a real plus for our young people. But most important, it is not only beneficial for young people who are learning new skills and will have greater access to jobs as a result, it is clearly in the national interest. And I point out, Mr Speaker, that the national interest has always been and will remain the key yardstick for all decisions this government makes. The more skilled our work force is in the future, the stronger our economy will be. Really, that is what it is all about to have a better nation.

It is sad, though, that vocational education and training is not considered a trendy enough cause for the Labor Party to be interested in. It is everything they are not—practical, useful and what the community wants. I am pleased that we have further built on vocational education with measures announced in this year's budget, including \$33 million for vocational education and training for Australians with a disability, and the information technology skills for the older workers' program, which will provide computer and Internet training to help people aged over 45 to gain valuable job skills. These are just a few of the ways we continue to support the growth of vocational education and training. The record funding provided in this legislation is concrete evidence of the government's strong and ongoing commitment to this sector. I am very proud to support this bill and commend it to the House.

Mr MARTIN FERGUSON (Batman) (9.58 a.m.)—As the House and more importantly the broader community appreciate, vocational education is extremely important to this nation as we strive to be an international leader in the knowledge economy. As a trading nation in the global economy, it is critical that Australia is ahead of the game in meeting the very complex challenges ahead of us. The [Vocational Education and Training Funding Amendment Bill 2002](#) provides additional funds to the Australian National Training Authority for distribution to the states and territories for the fundamentally

important issue of vocational education and training purposes. I have no wish to inhibit the supply of extra support for vocational education and training and as a consequence I support the bill. But in doing so I also speak in support of the second reading amendment moved by our shadow minister, the member for Grayndler.

Universities, TAFEs and research facilities in other higher education and learning institutions are critical to Australia's future. They provide the opportunity for Australians to compete in the global economy. Australia will compete on the basis of the most skilled work force in the international community, not on the basis of trying to lower wages and conditions of employment or of walking away, alternatively, from our requirements to invest in research and development and to pay proper regard to the need to improve our performance on the environmental front. It is for that reason that I believe that, through educating our young people, we have the capacity to provide the leadership, teaching support, ideas, knowledge and, most importantly, the partnerships that will enable the communities and regions to compete globally.

The vocational education and training system and particularly TAFEs—unfortunately somewhat forgotten in some people's thinking—form a vital link for many Australians. They facilitate the acquisition of skills and knowledge and provide an entry point into the knowledge economy. Higher learning institutions have the potential to engage with local communities and regions to provide the opportunities for significant sustainable development because they have the capacity to actually assist in creating a new leadership in those regions. That raises the important fundamental requirement of the Australian community to form partnerships with learning institutions to ensure that sustainable development is capable of being achieved in our regions that are doing it tough at this point. There is a capacity to provide opportunities for all communities and regions, especially those that have fallen behind under neo-liberal policies of the Howard government.

Apprenticeships have played an important role in the development of this country and, more importantly, they can play an important role in the future development of this country. Tradespeople and apprentices from many different countries have built this country. Businesses in this nation have in the past recognised the value of providing this training. Some employers recognise the value in training more people than they need, with the knowledge that they are providing for expansion of the industry and expansion of Australia's economic capacity. The result is, therefore, a highly skilled work force, many of whom have advanced in their companies to senior positions. It has also provided people with the opportunity to branch out on their own and establish new small businesses. Often these new businesses have contributed to the development of the region and also, importantly, opened up new export opportunities and import replacement opportunities for those regions. New ventures have taken advantage of new opportunities. The end result is that the regional economy expands and diversifies. Importantly, more employment opportunities are created and, therefore, more training opportunities are established.

However, I suggest that, whilst that was the tradition and the approach in the past, under the Howard government this tradition has been ripped apart. Whilst the government cries about the number of new apprentices, our nation's regions recognise that this is just a smokescreen. As you travel around Australia at the moment, you clearly gain the impression that our regions can see that the number of people trained in the traditional trades has diminished. Tradespeople such as plumbers, carpenters, brickies, boilermakers and hairdressers are in short supply.

Instead of encouraging training schemes to address this major challenge, the coalition government focuses on encouraging multinational giants to cream off wage subsidies for low-skilled work. Only recently the House learnt of the multinational company that opened a new outlet in Sydney employing 50 staff. All of these staff, it is interesting to note, were engaged as trainees. I suggest to the House today that we should start ask-

ing who trained them, what was the quality of the training provided and how many of these trainees will go on to actually achieve a trade qualification. Alternatively, we should suggest that maybe we should investigate whether this is simply a wage subsidy for big business. Is it another example of the Howard government looking after its big mates so as to ensure that, on the roundabout, they make significant contributions to its election funding campaign accounts?

Later in the same week, the Minister for Education, Science and Training announced that he was making it easier for big business to access this big business wage subsidy. He is paying big business more money up front. I actually think training is an investment in a business's future. Under the announcements of the minister, a business can now take on someone, pay them at the national training wage rate and collect more than \$3,300 as a wage subsidy from the Commonwealth government. The problem is that there is no requirement for the trainee to stay on after 13 weeks for the business to keep the full \$3,300 of taxpayers' money.

It is interesting to note that this is barely more than the trainee wage provided by the government. In essence, it is nothing more than a short-term wage subsidy without a long-term requirement to train these people, classified as so-called trainees, and to ensure that they gain a long-term career opportunity. There is, interestingly, also no requirement for the trainee to finish the training. There appears, however, to be a pretty large incentive—and this is the key issue—for employers to churn people through these positions for 13 weeks at a time without any long-term employment or training opportunity for the person selected as a trainee. I contend that these are very serious policy issues that we as a community have to focus on. Partnerships with learning institutions, alternatively, have the potential to provide opportunities to all regions, not just those that are electorally valuable to the Howard government.

Across a range of portfolios, the Howard government—as we all appreciate—has a new approach to government. That, in essence, rests on a premise that its responsibility and role in government is to provide

funds to mates on the pretence of supporting problem regions or communities. There is an alternative approach. We all know that the Howard government approach only creates busy but unfocused local action. It creates, yes, lots of activity in the media. It takes—and this is what the government wants to achieve—people's minds off the real issues, the real challenges and the real problems confronting their local region, their state and the nation at large. It also unfortunately removes something that I regard as important to the challenge of solving problems at a local regional level: local control.

I think the community, beyond the coalition government, recognises that local people are capable of responding to local challenges. The problem is that the Howard government basically has the view—as can be seen by its policy mix—that local people should respond to outside influence rather than putting forward initiatives in a strategic, comprehensive and logical progression. These bribes also stifle enterprising initiative. With everyone busy doing the government's bidding on unproductive tasks, they have no time or energy left to think about innovative, local, sustainable, long-term solutions. It is enterprising initiatives engaging with the global economy that will drive regions forward and create long-term sustainable employment and training opportunities. These initiatives will create economic activity that stimulates employment, adds to our population and creates new service sector activity that can lead to sustainable growth for regions.

The time has come for the Australian community to send a message to the Howard government. That message is that the Howard government must learn that its prime responsibility is to support the process of being enterprising in regions. At a regional level, the culture should not be one of handouts, as that then breeds a culture of dependency on government handouts rather than working out local sustainable solutions for the purposes of growing the local economic cake, creating employment and training opportunities and thereby establishing a capacity to keep people in local regions.

In that context, if we are to make progress at a local regional level, providing infrastructure also supports the process of being enterprising. It enables businesses and communities to take the initiative to develop their own local solutions. It enables communities to generate and implement new ideas. Increased community capacity will encourage effective local leadership that can, in turn, galvanise the enterprise strength of the local community from within. It would bring the community together and make it worth while for its members to provide their own social capital. It would increase trust in the communities and boost cooperative action and innovative outcomes. Increased community capacity will also assist in building vital networks and partnerships in and between regional communities. It can lead to the creation of a momentum of local success breeding further local success, based on best practice initiatives in other regions. By bringing people together, we will enhance cooperation in the building of strong informal and formal networks and partnerships.

However, the problem is that the current government has continued its longstanding tradition of politically motivated handouts, without accountability, to a few, thereby dividing communities, partnerships and regions. All this does is reinforce a culture of dependency on government handouts. When it inevitably fails to achieve the stated objectives, this leads to a further loss of trust at a local level in the role of government.

Mr Melham—That's right.

Mr MARTIN FERGUSON—Without trust, as the member for Banks acknowledges, communities will not enter into the true partnerships that are required to sustain regional development. The crux of the debate is that, as a community, we have to accept that government does have a role to play in regional development in partnership with local communities and regions. Yet the Howard government's policies have effectively undermined confidence in government. Regional communities, as I know through my frequent travel around Australia, now recognise that the present government quick fix does little in making a region sustainable either now or in the future. The global econ-

omy is becoming more and more a knowledge economy. To participate in it—and this is what the debate today is about—people need knowledge and skills. They need a sense of community, a sense of place and a sense of pride in their local community. Government should help to enable people in the regions to gain these attributes and to successfully use them to maximise their development opportunities.

To participate in the knowledge economy, regions must develop social skills that enable them to develop strong local independent leadership. These leaders must be from the community, for the community and in the community. They must be able to work productively in the community at a local level. Importantly, local leadership will need to have or develop skills and to network with people and organisations from outside the community. People in communities and regions must also be able to work more closely together. Regional communities must develop a strong trust in each other. Based on trust and through subsequent cooperation, strong formal and informal networks, partnerships and clusters will emerge and we will get success, and success will breed further success at a local level.

People from regions must be able to harness strength from local leaders, local networks and partnerships and, importantly, there must be a local desire to interact and compete with the rest of the world. Therefore, they must build a strong local social capital base. At the end of the day, this requires local innovation and enterprise. Businesses will need to rise from the communities and harness the local people, local skills and knowledge to create economic and employment opportunities. They will also be skilled in identifying and building strategic partnerships with infrastructure such as is available at universities, TAFEs, local health services, interested private sector organisations, local sporting clubs, churches and so on.

What then is the government's role? The government's role in this vision is to provide the support to enable it to happen at a local level. You cannot do it from Canberra. Government must work closely with local com-

munities to assist them in developing the necessary long-term strategies aimed at achieving these results. In doing this, we must acknowledge the individual circumstances of each local community. There is no one model or one quick fix.

It is our responsibility in doing so to give these communities time and strategic resources to achieve the outcomes that best fit locally. Genuine apprenticeships are part of this. Genuine apprenticeships with a strong emphasis on both on and off the job training over a number of years have been invaluable in building our nation for the future and have the capacity also to be invaluable in further building our nation in the 21st century. Apprenticeships have also been a vital link in the pathway for working families in Australia.

TAFE is just as important as university. Being a brickie or a hairdresser is just as important as being a lawyer or a doctor. For working families who have never sent a child off to university, the first step can often be in the trades. The next generation has often had more opportunity to take another step to actually support their children if they desire to go to university. We must never accept the view that universities are the start and finish of life. The trades are just as important. It does not matter what your background is or your family opportunities in the past, we as a community must encourage and support further opportunities in the trade areas around Australia. What a fantastic thing this is for Australian working families. It is something they can aspire to and something they are proud of. These traditional apprenticeships also provide important opportunities for regions as they stimulate enterprise and regional development.

I suggest that, unfortunately, this government has cheapened the system. It has set up a process of providing wage subsidies for business mates for churning under the guise of so-called training. Employers historically trained in Australia. The time has come for governments to actually try and encourage employers to do more on the training front rather than just depend on handouts—so-called subsidies to enable them to churn out workers to subsidise their local employment

opportunities without long-term genuine commitment to training and career development.

In closing, I strongly support the second reading amendment moved by my colleague the member for Grayndler. The government's lack of action in following through on election promises and the negative impact of their policies on young Australians must be condemned. Let us have further support for ANTA and for the good work being done by the state and territory governments to create long-term commitments by employers to training, and in doing so to broaden our trades base, especially in the traditional trades area, on which we are going backwards at the moment. There are skill shortages in metropolitan and regional Australia in those traditional trades areas. Do not use subsidies to subsidise employers. Let us have genuine training. (*Time expired*)

Mr HUNT (Flinders) (10.18 a.m.)—I rise to speak on the [Vocational Education and Training Funding Amendment Bill 2002](#). Above all else, this bill is about expanding opportunities for youth. It comes in the context of the tragedy we have seen this week where we have lost so many of our youth. I have to start by acknowledging that loss and expressing my genuine sadness and that of all Australians. But this bill is about opportunities for youth and looking forward.

Today I want to speak about three things. Firstly, I want to speak about educational opportunities within my own area of Flinders, how it is that we can help the younger people to grasp and attain a future which for them is individually fulfilling within Flinders itself. Secondly, I want to talk about the steps and achievements at a national level which have occurred under the government since 1996. Thirdly, looking beyond that, I want to look to the provisions of this bill, their importance and how they seek to expand opportunities for individuals to make and choose their own life.

The place to start is at home, and I want to look at educational opportunities within my own area of Flinders. The member for Batman talked about the need for innovative, local and sustainable solutions. He did not actually talk about any innovative, local and

sustainable solutions. I want to talk about three projects which are being developed within my area and to which I am hoping to make a contribution. The first is an IT skills centre for Phillip Island, Corinella, San Remo and Grantville. Malcolm Beazley, a local resident and an active member of the community, is working to create a diversified IT skills centre based out of four towns where people are linked together in order to attain their training. Training is taken directly to the individuals, both young and old, many of whom have neither the resources nor the capacity to travel to their education. This is a very important project and one which can have a significant impact on not just the life of the community but the lives of individuals.

A second key project is the development of a maritime and marine college for Hastings and the surrounding areas. Hastings is a maritime town. It is on the sea and its history is within the sea. It is the site of the new Hastings submarine memorial where HMAS *Otama* will be finally laid to rest and which will create jobs and employment. But linked to that is the whole notion of a maritime and marine precinct and a marine educational centre. I recently met with Geoff Weir, who is the director of the Dolphin Research Institute, and with a number of others that he had brought together to pursue the notion of a marine centre of excellence based in Hastings but serving Victoria. It provides a wonderful opportunity for youths from the towns of Crib Point, Balnarring, Hastings, Tyabb and Somerville to have within their own area a training capacity to learn about how to work and protect the sea. This links through to our secondary education in the area. The Western Port Secondary College, whose principal is the extraordinarily committed and energetic Murray Johnston, is also examining ways in which it can adopt a marine focus and therefore tie in with the tertiary Marine Centre of Excellence. This gives children, teenagers and young adults the opportunity to develop a passion and then to develop a career around that passion, and that is a tremendous thing.

The third local project is working on an upgrade of Rosebud TAFE, which is a part of

Chisholm Institute. Last Friday I met with the members of Chisholm Institute in Rosebud, and we discussed the fact that one of the great challenges facing Flinders is an ageing population that is projected to rise from 20 per cent over the age of 60 to over 35 per cent older than 60 by the year 2021—over 35 per cent in that electorate. That will have an extraordinary impact on the community. Rosebud TAFE needs to be able to expand its offerings so as to give much more training in the areas of aged care, hospitality, tourism and services. It needs to expand its opportunities to cater not just for the providers of services to those over 60 but also directly for the over-60s, because what is absolutely evident is that there will be a need for greater training and education of those who are themselves over 60 so that education becomes a lifelong and continuing focus.

At a governmental level, how have we made progress on this since 1996? Core to development here is the government's New Apprenticeships scheme. It has introduced nationally recognised qualifications and created new apprenticeship centres, enabling a streamlining of administrative processes. Significantly, both under the previous minister, Dr Kemp, and under the present minister, Dr Brendan Nelson, there has been an increasing focus on school based new apprenticeships. School is neither an academic institution nor a centre for apprenticeships; it is capable of serving both purposes. Students have more opportunity and are better served for that evolution; it assists in the transition from education to employment. This opportunity in particular I would very much like to see included in the design of the new Somerville Secondary College. In addition, the government will be providing \$2.4 billion over the next four years to support this scheme: \$413 million for new apprenticeship centres, \$1.9 billion for employer incentives, \$67½ million to provide information and assistance to both employers and potential apprentices. The National Centre for Vocational Education Research shows that there are a record 334,000 apprentices currently in training—a higher number than at any other time in Australian history.

How do we move forward from this position? That is where the provisions of the Vocational Education and Training Funding Amendment Bill come in. In essence, there are three key elements to this bill. Firstly, it will increase the appropriated base funding for 2002-03. That means that the bill fulfils the government's commitments in its 2001-03 Australian National Training Authority Agreement with the states to increase funding to take account of inflation. It also includes around \$17 million in additional funding under the Australians Working Together initiative and the Recognising and Improving the Capacity of People with a Disability initiative. Secondly, the bill will appropriate the funding base to its maximum levels for 2003 and will set the base funding limit for 2003 alone at \$992 million. Thirdly—and very importantly—the bill appropriates additional growth funding over and above the base funding, conditional on the states matching the Commonwealth's expenditure dollar for dollar. This matched growth funding will amount to \$22.6 million for 2002.

This bill represents the government's ongoing commitment to vocational education and training, but it does more than that. It sends a signal to every member that in their own constituencies they have a responsibility to be involved in helping to create and provide the projects that will assist individuals to define their own futures. Seventy per cent of young people do not go directly from school to university, and it is absolutely critical that we take these initiatives and continue to expand them so as to provide opportunities. In such a sad week for our youth, I am however pleased to be able to support a bill that is about providing hope and opportunities—it is a step forward. I commend this bill to the House and I commend all activities taken by members on both sides of this House that help to provide opportunities and a future for all young Australians.

Ms GEORGE (Throsby) (10.28 a.m.)—I am pleased to be able to participate in the discussion on the [Vocational Education and Training Funding Amendment Bill 2002](#). In reading the background to the bill, I came across one of many quotes from the Minister

for Education, Science and Training, in which he boasted:

This record level of funding provided to the states and territories for their vocational education and training systems in 2003 is a demonstration of the Commonwealth's commitment to a strong national vocational education and training system. I make reference to that particular quote because I think in itself it is used to gloss over the real truth of the government's resourcing: its failure to adequately resource this vital part of our education system.

The truth is really somewhat different to the exaggerated claims made by the minister. It is for that reason that I am pleased to speak in support of the amendments moved by my colleague the member for Grayndler. The truth is that, under this government, our vocational education and training system has been seriously underfunded. I agree with the sentiments expressed just a few minutes ago by my colleague the member for Batman when he drew attention to the fact that our vocational education system has historically been and continues to be very much the poor cousin of the university sector. What we have seen under this government is years where funding allocations to the VET system were cut and then frozen, while enrolments continued to increase by about six per cent on average each year. This led to an appalling situation a couple of years ago where 40,500 students in Australia missed out on a TAFE place.

While the real increases in funding that come with this bill are welcome, they fall very short of the position enunciated by the TAFE directors, who last year estimated that at least an additional \$345 million a year was required to help fund future growth in enrolments and to improve student learning outcomes in the vocational education system. I think as a nation we need to take stock. Our public investment in vocational education and training as a proportion of our gross domestic product has actually been falling rather than rising. This is at a time when, on any international comparison, Australia's skill base compares poorly with our international competitors. In a recent study undertaken by the OECD, we find that Australia ranks only 17th out of 28 countries in terms

of the working age population who have completed upper secondary education. About 50 per cent of the work force in Australia has no post school qualifications.

So in my judgment this is no time for congratulations; it is time for the nation to get serious about the importance of this sector. Australia's skill levels will need to be equal to the world's best if Australia is to have world-class industries and provide jobs and achieve improved living standards into the long term. The knowledge and skills of our own people are potentially this country's greatest asset. Instead of the pats on the back and the homilies from the minister that we so frequently hear in this chamber, I think it is time that we began to acknowledge our deficiencies and plan more coherently for the future.

In that context, I want to take the opportunity to praise the work of the TAFE system and the TAFE institutes. I, like many members, have a very worthwhile resource in my region, the Illawarra Institute of TAFE, which provides an exemplary service not just to the many students who are in that institute but also as a contributor to our regional economy. The TAFE institutes are the centrepiece of Australia's national VET system. It is a system which is ours to share, it is one that is totally within the public sector and one that the public wholeheartedly supports. It is no surprise that over 1.3 million students each year choose to go to TAFE for their education and training, and there is no doubt either that TAFE training increases the prospect of finding work and career progression for the many students in its courses.

The 2000 annual survey of TAFE graduates pointed conclusively to the benefits that vocational education and training provides. This survey showed that 76 per cent of people who had completed a TAFE course in 1999 were employed by May the following year and that 89 per cent of all graduates were either employed or in further study. Very importantly, it also showed that half of those who were unemployed before they started their TAFE course found work within six months after completing their training.

So the investment we make as a nation and as a community in vocational education

and training produces real and tangible and meaningful outcomes. It is therefore our contention that there is no excuse for this nation to have a situation where students are being turned away from TAFE. There is no excuse for not being able to meet the unmet demand that continues to exist. We need to appreciate that, for our young people—many of whom are at risk in a society that is rapidly changing—it is through vocational education and training that options are opened up for young people who otherwise might be at risk. I only have to look at the Prime Minister's own Youth Pathways plan report to cite evidence for that contention. His report said:

We must invest in a system of education, training and community support which equips all young people with the capacity to participate in the social and economic life of the community.

The report went on to argue:

Failure to do so condemns some young people to life on the margins.

That brings me to another issue that I want to raise in the context of the debate on this bill, and that is the very crucial issue of youth unemployment. It is an issue of major concern I hope to all of us and it is certainly an issue which has absorbed my energies in my local community. I think it reflects very poorly on Australia as a nation, as rich as we are and as bountiful as we are, that we continue to see high levels of youth unemployment at a time when we keep talking about the fact that we are performing very well on economic parameters. It is true that economic growth has been substantial, but the growth, unfortunately, has not 'trickled down' to those who really need to share in the benefits of that growth.

The latest data for the Illawarra region shows a teenage unemployment rate of over 22 per cent. That is for the whole region, but, if you look at my electorate of Throsby, there are suburbs where the unemployment rate for young people is as high as 40 per cent and the unemployment rate, particularly for young men in the 20- to 24-year-old age group, is about three times the state average. So, as a concerned local member, naturally I think it is important that something be done to rectify the injustice for those people who

are currently on the margins and missing out on the benefits of both training and paid employment.

It is true that some of the local young people have been involved in the Work for the Dole program. While I have my criticisms of Work for the Dole, in that it lacks an ongoing accredited training component, nevertheless I do think it has value in that at least it enables many young unemployed to remain connected to the work force. I was quite horrified to find in recent figures that we were able to get from Senate estimates that in the Illawarra region only a very meagre 7.6 per cent of all people participating in Work for the Dole went on to be involved in full-time employment three months after leaving their Work for the Dole program. Just consider that—the money that the nation is investing in Work for the Dole is leading to an outcome where only 7.6 per cent of participants locally were placed in full-time employment three months after the course ended. The Work for the Dole program is not providing sustainable employment outcomes, and that is very clear from the evidence that was presented at Senate estimates.

On top of that, the Job Network program, as we have seen in recent commentary, is starting the cycle of recycling the unemployed through endless labour market programs with little success. Twenty-three per cent of people participating in intensive assistance had been through a program at least twice before and five per cent of those requiring intensive assistance had been through at least four programs. Again, the time has come for us to question the efficacy of the considerable amounts of money that are being poured into labour market programs if they are the kinds of unsustainable employment outcomes that are being generated. It is clear at the moment that many of the participants are not getting the assistance required to make the transition into meaningful, ongoing, sustainable paid employment.

A recent publication by ACOSS, the peak body that looks after the interests of many of the unemployed, said about the Job Network: Intensive assistance has had an appalling success rate, and this can be put down to one main reason, a lack of investment by the Government.

So, despite the millions of dollars that are being poured into the Job Network and other employment programs each year, the Howard government's employment solutions are failing many of the unemployed, particularly the long-term unemployed and many young people who continue to be at risk.

It is because these current programs were not producing the outcomes that were needed to rectify this problem locally that, for the last two years, there has been a broad based coalition of community groups in the Illawarra working on local solutions to a local problem. The Illawarra apprenticeship and traineeship committee has involved the business community, unions, the TAFE sector, the group training providers and interested businesspeople who have a history of commitment to vocational education and training and to the apprenticeship system. We wanted to have a look at the alternative options to provide our young unemployed people with the possibility of a real future through an apprenticeship targeted to areas of chronic skill shortages.

We interviewed many of the businesses locally. They told us that, while they were very keen to do the right thing, particularly by young unemployed people and the long-term unemployed, they believed that the costs of taking on an apprentice in the first two years outweighed their capacity as small business people to be able to do it. We worked on a scheme—and yesterday, I am very pleased to say, our deputy leader made a commitment to provide, over a three-year period, an investment of about \$6 million to the Illawarra region. This will be targeted at small businesses and microbusinesses in the Illawarra area who will make a commitment to take on and train a young person as an apprentice. This will provide those businesses willing to do that with a small subsidy. Under our proposal, that cost outweighs the cost, both directly and indirectly, of continuing to subsidise young people through lengthy periods of unemployment and through Work for the Dole.

An average net subsidy of about \$16,000 for four years will ensure a young person in the Illawarra region seriously at risk of unemployment will have more opportunities

when Labor is elected to power. A Labor government will be able to invest that money to produce sustainable employment outcomes and real training opportunities. This is a good pilot project because it was a local initiative to deal with a local problem in a way that is going to provide better outcomes regionally than any of the programs the Howard government is running to date. I want to commend the Deputy Leader of the Opposition and the commitment made by the leader of the ALP that the Labor Party, when in power, would take this local initiative seriously. It would make the kind of investment required to enable us to pilot the project locally and to look at the outcomes of that project on a national basis.

I want to conclude by saying that as a nation we cannot continue to live with high levels of youth unemployment. The best investment is the investment we make as a country in education and training. Other countries have recognised this, as those figures from the OECD indicated, while we are still dragging the chain. I reiterate my concern that public investment in VET as a proportion of our gross domestic product has actually been falling rather than rising. I urge the minister to retreat a little from the constant homilies that we have in this chamber and to recognise that the system has been seriously underfunded, that it continues to carry unmet demand and that it falls far short of the kind of investment that the TAFE directors across the nation have been urging and calling for.

If we do not reverse our direction and appreciate that the vocational education and training system is a critical component of our future economic success, I think Australians will face a potential outcome where we have a continuation of low wage, low skill jobs, continuing high levels of unemployment and a condemning of many young people to a life on the margins of the main economic game. Ultimately, we all as a nation will then suffer the consequences of social divisiveness and social alienation that necessarily follow when some are able to procure the benefits of economic growth while others are left languishing behind. I think we can and we must do better.

As I said, I commend the approach taken by the Deputy Leader of the Opposition and I would urge the minister for education and training to actually look at the pilot program that has been driven by a local problem in the Illawarra. I think it has the ingredients of an innovative response and a response that I believe in the long run will produce far better outcomes, both in terms of training and in terms of employment outcomes and I dare say on a cost-effective basis. It also augurs well that local communities have the capacity to come up with their local solutions. What it requires is governments to fund those local solutions and not resort to constant eulogising of the efforts they make when the reality is somewhat different.

Mr BARRESI (Deakin) (10.47 a.m.)—It gives me great pleasure to rise in support of the [Vocational Education and Training Funding Amendment Bill 2002](#). Before I commence, I just want to make a comment about the contributions of the two previous speakers from the opposition side. In saying that, I obviously refute the proposed amendment that has been moved by the member for Grayndler.

The member for Batman was espousing his new found belief in the importance of non-university education. All I can say, member for Batman, is welcome aboard. We have been saying this now for the last six years. We have had member after member and our ministers—certainly Dr David Kemp, the previous minister, and the current minister—referring ad nauseam to the 70 per cent of young people who do not go on to university and to how their education and their career aspirations are as important as the next person's. It is something which has been consistent from this government. We have been pushing this all along. I am pleased to see that the member for Batman, the member for Throsby and other members of the opposition at least are now willing to state that clearly in this House. They may have believed it but they certainly did not push that line in the past.

This bill reaffirms the federal government's commitment to improving the opportunity of all Australians to achieve their goals. It is all too easy for us to pigeonhole

young people based on esoteric or materialistic standards such as the sort of car they drive, the clothes they wear—or even the last score that they received on their last exam. It creates a perception in the community that there is only one road to success, and we know that is not the case. In this place alone, which has often been quoted as a microcosm of Australian society, there are certainly lots of examples of members of parliament who have come through to this place through various career paths, and they have not always been from those considered to be at the elite level.

We are fortunate that we have a government and an education minister willing to stand up and say to young people, 'It's okay if you don't want to go to university. As a government we will support you.' And that is what this legislation is all about. That is what the funding is about: providing support to young Australians pursuing alternative vocational career paths. For young people completing compulsory studies, it is important for their self-confidence and for their career planning that they know that if they choose a non-tertiary career the federal government—their government—and also their state governments will support them.

Any debate on vocational education and training will invariably turn to a discussion on the adequacy of the dollars that have been allocated. We talk in hundreds of millions of dollars and we talk about the scope of these programs. Yet we should also look at the impact that programs that receive this funding are having on the community to get a real understanding of how our communities are benefiting. I note the contribution from the member for Flinders, in which he gave some excellent examples of how it is making a difference in his local community. I will address too in my speech how the government's commitment to vocational education and training has made a significant difference to the lives of young Australians in Deakin and in the wider outer eastern suburbs of Melbourne.

An achievement that I do not think gets lauded enough is the coalition's track record on job creation. Since we came to power in 1996, over one million new jobs have been

created. My area in the eastern suburbs of Melbourne continues to have unemployment levels below those it averaged during the 13 years of Labor government, and I am pleased to see that is continuing. We have fluctuations from time to time but overall it has certainly continued at lower levels than what we inherited back in 1996. The fact that it still is at that level demonstrates that it was not just a momentary spike in our performance.

The Minister for Education, Science and Training has made very clear the Commonwealth's commitment to the VET sector with the funding outlined in the bill. That funding of course will continue in 2003. This bill takes the total funds available to VET providers for 2002 to over \$1 billion and it includes within that approximately \$76 million to \$77 million in growth funding to be matched by the states and the territories.

The Australian National Training Authority, as a statutory body, is responsible for the disbursement of funds outlined in this bill. The ANTA agreement between the Commonwealth, state and territory governments provides some guidance as to how the funds are to be used for the training of people in their chosen vocation. Vocational education and training in Australia relies on the support of not just state governments working with the Commonwealth but local governments as well.

I note with interest recent comments by the Australian Chamber of Commerce and Industry, stating that Australia's national training system is thriving. We are hearing from the other side about the parlous state vocational education and training is in. It is certainly not. It is making a difference to the lives of those 70 per cent of young Australians who choose not to go on to university. It is thriving because of the support of all levels of government, under the stewardship of the federal government.

This growth is obviously linked to industry support. It is also contingent upon the passage of this bill, providing over \$1.1 billion in 2003 to VET—which, by the way, is markedly different to the \$778 million which was provided in 1995. The government embarked on a series of reforms, from which we

are now seeing the benefits. Last year, around 1.75 million Australians—that equates to 13 per cent of Australia's working age population—participated in formal vocational education and training. In the eastern suburbs of Melbourne we have some excellent providers in the VET area—not only the two major institutions, Box Hill TAFE and Swinburne TAFE in Croydon and Wantirna, but also through a number of private providers and registered training providers in the area.

A proportion of these include people with a disability. In fact, 69,200 of these people that were engaged through VET had a disability. This is an important area for me; I have taken an interest in the disability employment sector. These statistics of success are brought about by the hard work of organisations like one in my area—a disability employment provider called Nadrasca, based in Nunawading. Nadrasca is a success in every sense of the word. Frank Harris, the CEO of Nadrasca, and his team of very experienced and dedicated people are helping those with disabilities to learn new skills and to gain the confidence to pursue their vocation and seek out their goals. Nadrasca gives these young Australian people who perhaps would have slipped through the system because of their disability and because of the unpreparedness of other employers to give them a chance the opportunity to fulfil themselves in a work environment, to acquire new skills and to know that they also are making a difference through the products and the services that they are offering. Nadrasca recently acquired new premises and has commenced operations as a community hub for people wanting to improve their knowledge base. Nadrasca has a wonderful team and is doing a wonderful job. The Commonwealth, I know, has been more than happy to assist Nadrasca and other organisations of its kind in their endeavours to help these young people.

As organisations like Nadrasca have shown, the success of vocational education and training is not solely dependent upon funding. The effectiveness of the programs that are being offered at local level is the ultimate judge of government policy. I am

fortunate to have been able to witness on a number of other occasions the effect that certain VET groups are having in my electorate. The success of the Jobs Pathway Program has been outlined at length in this place by a number of speakers. The Jobs Pathway Program helps young people who are leaving school to make a smooth transition between their school environment and work. It takes guts to leave school and venture out into the working world—and to venture out, often, earlier than perhaps parents would have anticipated. One organisation that operates successfully in my electorate and in surrounding electorates is KYM Employment Services. KYM has for the last four or five years managed one of Australia's largest Jobs Pathway programs. Between 2,500 and 3,000 young Australians in the eastern suburbs are helped by KYM and their dedicated staff to make that transition from school to work. In most cases, it involves an apprenticeship or traineeship. KYM has a proud history of helping young people work towards their goals and enter a vocation.

At this point, it is important to note the distinction between pursuing employment and pursuing a vocation. It is an important distinction to make, because some tend to focus on getting young people employed without much emphasis on young people choosing a vocation in line with their own set of values and goals. KYM operates under the banner of 'Put your hand up and get what you want'. This identifies a fundamental shift that is occurring in schools and within the sectors dealing with young people and their futures. Quite often, we hear commentators in this area say that it is important for young people to decide what they want to be. Teachers, and even parents, will ask their children, 'What do you want to be when you grow up?' We have all had that question asked of us probably a thousand times, and we have probably all given a thousand different answers as we were moving through the formative years into the early teenage years and perhaps even later on.

We should move away from this question, as organisations like KYM and MEGT—Melbourne East Group Training, another excellent group training provider in my area—are demonstrating. There are others in

demonstrating. There are others in my electorate, of course, who I do not have time to mention today. Instead of simply asking young people what they want to be, we ought to be asking them to identify who they are, as this will be the greatest guide for their future. I know the minister for education often speaks about values based education. Who we are, what makes us and who we want to be is, of course, part of that whole identification of a possible successful vocation. If young people have the capacity to recognise their skills and aspirations simultaneously, their ability to fulfil their ambitions in life will be greatly enhanced.

Recently, KYM was chosen as part of the career and transition, or CATS, pilot program. The Minister for Education, Science and Training launched the CATS program in Lilydale, just outside my electorate. The program will operate in the outer eastern suburbs of Melbourne, taking in part of that entire outer eastern region.

As an initial model, the CATS program will operate in approximately eight schools. The schools in the area which have missed out are already putting their hand up, asking, 'What about us? Include us as well.' I trust that the pilot program will be successful and the career and transition program will move from a pilot to a mainstream program for the schools in the eastern suburbs. The program looks intensively at early intervention approaches to careers and transition to work for school students, and does so at a younger age than the Jobs Pathway Program. It looks very much at the year 9 level of education. I look forward to seeing young people emerging from the pilot program confident in their direction in life and hope that this program will be expanded within the region.

Without the support of the Commonwealth, young Australians would have little encouragement to set goals and work towards achieving them. They need to know that they have a government that supports them and that bills such as this receive the unanimous support of the parliament. I am pleased that members of the opposition will not deny this bill a second reading. They have moved their amendment and will be supporting the bill when it comes to the vote.

A significant program in my electorate is being conducted by one of the local secondary schools, Heathmont Senior Secondary College. This school is leading the way in helping students achieve their goals. The Minister for Education, Science and Training launched the Enterprising Education package at Heathmont. This was not a coincidence. Under the stewardship of John Handley, the school has over time built strong relationships with community groups and organisations within its area. This forms part of the Enterprising Education model, where schools develop a partnership with the wider community to encourage students to become active in their community. The activity may be in the form of work experience, possibly even community service, but, whatever the form, young people are encouraged to get out in the community. The school does this through implementing curriculum that requires students to interact with business owners and other organisations. For example, a business management class may be required to research the operation of a small business and interview the owners. This style of interactive relative learning forms the foundation for greater integration between the curriculum of the school and what the employment world is seeking from young people. It makes their education far more relevant to the sorts of skills and experiences which employers are seeking.

Another project which is affected by this funding announcement, and which I have been working on, along with the community, is the 'Mullum Cluster'. This project brings together many schools in the eastern region of Melbourne, such as Aquinas College and Mullauna Secondary College in my area; and others such as Bayswater Secondary, Boronia Heights, Fairhills High, Luther College, Mater Christi, Scoresby Secondary, Siena College, Our Lady of Sion College, St Joseph's, Vermont Secondary, Wantirna Secondary, Donvale Christian and Warrandyte High School.

This VET cluster was established by principal Tony O'Byrne of Aquinas College in 2000. It brings together schools from the state, Catholic and independent sectors and they work in a cluster. The group is dedi-

cated to detecting a real void in the region—opportunities for students in the field of hospitality. After its establishment, the cluster worked extremely hard in six months to place 191 students into school based VCE/VET programs. The group then submitted an application to ANTA for the refurbishment of the hospitality facilities at Aquinas College as the registered training organisation. It was a successful submission and the Mullum Cluster received just under \$80,000 to fund the refurbishment and purchase of equipment, which is a testimony to the devotion of the member schools. As always, I am happy to assist the cluster in these early days. It is pleasing to see the hard work paying off for those schools.

The Mullum Cluster identified each of the 19 member schools' strengths and programs on offer in order to provide the most scope to students. Today, the cluster has an extensive program to cover 17 VCE/VET school based programs, which, I am advised, services over 6,000 senior school students in the eastern and outer eastern suburbs. Ms Bernadette Gigliotti, chairperson of the Mullum VET Cluster and coordinator of careers at Aquinas College, wrote to me claiming that, through the rigorous marketing campaign, the response has been 'overwhelming'.

By coincidence, the new hospitality facilities will be opened today, 16 October. I was invited to help in the celebration of these new facilities but, being in Canberra, I had to decline. I wish those schools and the Mullum VET Cluster all the best in their endeavours to provide quality vocational education to the outer eastern suburbs in the field of hospitality. May their success serve as a model for other schools which are seeking to develop clusters in the region. The Ringwood Secondary College, along with their principal, has been making noises about establishing an electronics schools cluster. I am working with that school to bring this about.

Vocational education and training is not simply about getting young people employed; it is about facilitation. Having gained the skills, the expected result will be employment. However, our message to the young in particular is that, whichever path you decide to take in life, the federal gov-

ernment stands ready and willing to support you. This legislation is there to support you. It is up to us as members of parliament to demonstrate our support to young people, to let them know that we are ready and willing to give them a helping hand in life. The world is not always as bleak as it is sometimes painted in the media. The tragedy in Bali this week certainly gives the impression that the world is bleak. I commend this bill to the House.

Mr GAVAN O'CONNOR (Corio) (11.07 a.m.)—The **Vocational Education and Training Funding Amendment Bill 2002** provides money to state and territory governments through the Australian National Training Authority for capital and recurrent purposes in the vocational education and training area and for related national projects. Funding is normally on a triennial basis. Maximum expenditure amounts under this bill will be \$952.7 million in 2001, \$956.1 million in 2002 and \$992 million in 2003. These funds are for general vocational education and training, and of course those funds will be topped up by expenditures on related national projects.

As the shadow minister stated previously in this debate, the opposition will not be opposing the substance of the funding arrangements under this bill, as they do provide the states and the territories with continued access to Commonwealth funds to enable them to continue their important work in this area. The opposition have moved a second reading amendment to the bill, highlighting what we consider are blatant breaches of election commitments by the government and the adverse impacts the government's policies are having on young people. In light of the comments that were made by the previous speaker on the government side, the honourable member for Deakin, I want to highlight some of the elements of the second reading amendment that we have proposed. In our second reading amendment, while we have not denied passage of this legislation through the House, we seek to draw attention to some of the shortcomings in current government policy and to challenge some of the backslapping and gratuitous congratulations that honour-

able members opposite have been indulging themselves in during this debate.

We are not going to deny this bill a second reading, but we have moved a second reading amendment which challenges the government over its policies, in particular for:

... failing to develop comprehensive transition strategies to assist young people, thereby abandoning at least 205,300 15 to 19 years olds, placing them at risk of not making a successful transition from school to work;

We also condemn the government for:

... failing to keep its election promise to young people to provide a comprehensive response in the 2002 budget to the Youth Pathways Report ...

We all know why the government did not provide that comprehensive resource response to that report in the 2002 budget. The reason is that it blew the budget. We have an absolutely incompetent Treasurer who three years ago told the Australian people that we were going to be \$10 billion in surplus. We want to know where the money has gone. Here we have a critical piece of legislation, which outlines the funding commitment of the Commonwealth to a strategic area of education and training in the Australian community, and we find government member after government member coming into this House attempting to put a clever but deceitful spin on the expenditures that are contained in this bill. I note the presence in the chamber of the honourable member for Corangamite. I know that he is as committed as I am to the Geelong institutions that are providing vocational education and training. No doubt he will try to gild the lily, as he usually does on the funding measures that have been provided by the government in this sort of legislation, but the bald facts are that our incompetent Treasurer has blown the budget.

The ultimate insult to the young people of this country—at least 205,000 of them 15- to 19-year-olds—is that the funding by the Commonwealth is inadequate and they will not be able to access courses and will not be in education or training in very critical years of their lives. We also criticise the government for:

... failing to address youth unemployment, which is on the rise ...

I was elected in 1993 and I can recall members from the other side castigating the then Labor government on what it claimed were rises in youth unemployment. This government gave a commitment to address this issue and now we find it is on the rise—and it is on the rise for a very specific reason: the government is failing to provide our young people with the opportunities that they require to skill for the new economy, for new economic conditions, and to secure their futures. In our second reading amendment we also note:

... State and Territory Labor Governments have made significant achievements in the implementation of VET in schools while the Commonwealth has refused to provide growth funding, making the Labor States and Territories the leaders in this field.

Isn't this always the case? Isn't it always the case that the great commitments to education and training come with Labor governments? We have them now at the state and territory level—and I note the presence of the honourable member for Lingiari in the chamber with me today, flush from his own success at the last election and the success at the Territory level with the Labor Party achieving government. What they have had to do in their first budget is sort out the Liberal deficit. They have had to sort out the mess in the Northern Territory—the Liberal mess in the budget. They have sorted that out in a year and are now preparing to invest in the sorts of education and training programs that are going to make sure that the young people of the Northern Territory have the skills that are required for them to participate meaningfully in the economy. No doubt the honourable member for Lingiari will be talking about that when he rises to speak.

I find it extraordinary that the honourable member for Deakin, in his contribution, patted the government on the back for its great achievements in the funding area. Those opposite trot out the statistics. As we know, statistics lie. Let me explain to the Australian people and the electors of Corio what the Howard government has actually done. The government came to power, sliced some \$117 million off Commonwealth contributions in this area, established a new base level which was lower than was previously

the case, and then sought to add incrementally to that and portray this as some great gesture to the Australian people—as doing something in a resourcing sense to meet the needs of young Australians in this area. The government is being very deceitful in its argument on the resourcing question. When it comes to the numbers, we have the government applauding the fact that there are more young people in apprenticeships and traineeships than before, yet failing to heed the advice that is coming through from many quarters about what is happening in apprenticeships and traineeships.

Let me deal with the increase in numbers. We are seeing more and more people participating in vocational education and training. The number has increased from 1,459,000 students in 1997 to 1,757,000 in 2001. But we know from the data that there is a high level of unmet demand and that this has risen over time. There were 35,000 in 1998, and that rose to over 40,000 in the year 2000. While we have more people seeking to participate in vocational education and training, the unmet demand has built up. That is a resourcing question.

This government lines the pockets of advertising executives in Melbourne and Sydney with useless advertising—with \$180 million spent before the last election—and provides them with an opportunity for a greater standard of living. Yet it will deny young people in this country the opportunity to advance in their training and to access courses that are provided through the TAFE system and that are the subject of the resourcing debate in this legislation.

We have many criticisms of the apprenticeship and training system. We know that it is being ruthlessly exploited by employers. Government members get up here in this chamber and tout the bald figures. However, we have instances in the services sector of employers churning out the trainees, which simply means that they are using the scheme as a wage subsidy. The government comes in here and claims that the figures represent some strategic advance in the number of young people undertaking apprenticeships and training when the opposite is the fact.

In addition, and I am grateful for the material that has been provided to me by the shadow parliamentary secretary in this regard, between 20 and 30 per cent of trainees are receiving inadequate training. There is also a high non-completion rate among trainees, with almost 50 per cent of those who participate in the scheme not completing their training course. These are very serious matters that are not addressed by the propaganda that comes out from the government side. I would like to quote from an editorial in the *Australian Financial Review*. It said:

Indeed, the Government constantly trumpets the benefits of the new system—although in doing so, it exaggerates the importance of the raw numbers of young people in training and pays scant attention to the actual quality of the training they are receiving.

This is a sentiment that is echoed throughout the length and breadth of the training system. The government is touting the raw numbers, but the quality of training and the participation of employers in meaningful training have declined. We have a churning effect which is inflating the statistics and we have a real problem that is not being addressed. The editorial went on to say this:

At the same time, however, the high-quality end of the training system has suffered. Competitive pressures and short-sightedness have left many technical trades facing severe skill shortages, from medical services to a broad sweep of engineering trades.

That is echoed in many commentaries on the skill shortages that Australia is currently experiencing. The editorial has a go at the way the generous incentives available for employers work and it talks about low completion rates being another area of concern. This is a serious matter. The government is using as one of its performance criteria the numbers of young people that are in apprenticeships and traineeships, yet industry and educated commentators—people in the field—are saying that the scheme is being rorted, the high skill end of the market is not being addressed and there are low completion rates. We have a serious problem, and it is not being addressed by the government in its legislation here today.

In Geelong, which I represent in this parliament, we have significant problems

emerging for our young people. The honourable member for Corangamite will get up in this debate of course—that is if he chooses to enter the ring, though I do not see him on the list; he squibbed it again. Be that as it may, that is a choice that the honourable member makes. I would like him to get up in this chamber and justify the education policies of the government. One of the great achievements of Labor in government was the way we ramped up the retention rates in our schools. We gave young people an opportunity to stay at school and acquire skills and to make the transition to vocational education and training courses. One of the most important pilots run in Geelong was through the former James Harrison College and the great partnership it struck with Alcoa. I pay tribute to the people who were involved in that particular exercise. It was very valuable in setting the VET scene in Geelong. The scheme has not only been adopted in Geelong but been adopted across the length and breadth of Australia.

But we are finding now that many young people are falling through the cracks. The retention rates in our secondary schools in the region have dropped along with the national trends. Is this the great achievement of Liberal governments at a time when we need an educated and skilled work force? The Geelong region prides itself on its past possession of a strong skill base, particularly in its manufacturing sector which provides the backbone of the local economy. It also prides itself on the strong well-developed linkages between educational institutions and its production base.

At the centre of skills formation in the vocational education area is of course the Gordon Institute of TAFE. The Gordon, over three decades ago, amassed an enviable reputation among its peers for the provision of quality technical skills training to Geelong's key manufacturing industries, particularly the textiles and clothing industries. But many years of Liberal neglect at the state and federal levels saw the institution decline in prominence as a quality provider of industrial training in Victoria. It took a strong partnership between federal and state Labor governments during the 1980s to turn the

fortunes of the institution around. Labor invested heavily in the physical infrastructure, which disgracefully had been allowed to run down under Liberal governments. We invested over \$14 million in renovating the Fenwick Street campus, making it a more attractive place for students to do their courses and for staff to work. With this investment came an abatement of the morale crisis that had plagued the Gordon, and over time it was able to take its rightful place alongside Deakin University as a key institution of learning and skills formation in the region. Perhaps Labor's most significant investment was the Gordon's manufacturing skills training centre at the James Harrison education complex and the enormous boost this has given to skills formation in Geelong's automotive industry. I understand investment in that facility now stands at around \$24 million.

The Gordon has been operating for 115 years. It is now spread across six campuses. It has 200 specialised courses and 220 nationally accredited courses. It engages in 3.14 million contact hours. It has an operating budget of \$38 million, it is one of Geelong's largest employers and it has 18½ thousand enrolments. It is involved in providing apprenticeships and traineeships across the state, with a total of 2,608 enrolments during 2001. Its VET in Schools centre is also an important part of its work. I pay particular tribute to Martha Kinsman and the staff of the Gordon for the way they are developing this institution on a continuing basis. (*Time expired*)

Mr SNOWDON (Lingiari) (11.27 a.m.)—I am pleased to be able to participate in this debate on the [Vocational Education and Training Funding Amendment Bill 2002](#). The bill will amend the act to supplement 2002 funding in line with real price movements reflected in Treasury indices, appropriate general vocational education and training funding for 2003 and provide additional growth funding in 2003 for those states and territories who have satisfied the provisions set out in that agreement. The appropriation for 2003 will also include funding under the Australians Working Together package and the VET related elements

of the initiative to recognise and improve the capacity of people with a disability.

I have listened with interest to the contributions that have been made in this debate and have listened intently to the contribution from the member for Corio. Mr Deputy Speaker, you will recall that in that contribution he referred to the election of the first Labor government in the Northern Territory. He made mention of the fact that the first job of that Labor government was to address a deficit which had been left by the previous CLP administration, although they have refused to acknowledge it. He said that, once they have balanced the books, this would provide them with a capacity to address the real needs of the people of the Northern Territory. Indeed, that is what they are doing.

It is worth making the observation that the new Martin Labor government in the Northern Territory is already becoming recognised for its intention and actions in relation to improving outcomes in education and training and outcomes in health in particular. This is very important, given the deficit in those areas that was left to the Northern Territory community by the previous successive CLP administrations over the period since 1978 when the Northern Territory achieved self-government.

I want to make the point that the base on which the new Northern Territory government has to build is indeed one which we need to reflect upon. There is absolutely no question that in the Northern Territory and, in particular, in the seat of Lingiari—and it is worthwhile just pointing out, for those people around the country who may not understand where the seat of Lingiari is and what it comprises, that the seat of Lingiari comprises all of the Northern Territory except Darwin and the city of Palmerston. It has half the population and 99.9 per cent of the land area. In area terms—and this is a piece of information which I acquired last week—the seat of Solomon, which is the seat around Darwin and Palmerston, is 330-odd square kilometres; the seat of Lingiari is 3,900 times bigger. That gives some comprehension of the difficulty in working in that sort of area.

A significant feature of the seat of Lingiari is its demography. Its demography is some-

thing which we in this parliament need to properly comprehend. In excess of 45.3 per cent of the residents of Lingiari are Indigenous Australians. According to the last census, Indigenous persons make up 2.16 per cent of the population of Australia. In the seat of Lingiari, the larger centres, the towns that would commonly be referred to as major centres in most parts of Australia, are Alice Springs, Tennant Creek, Katherine and Nhulunbuy. The remainder of the population outside of those areas lives predominantly in small, isolated, geographically dispersed Aboriginal communities. I refer to these areas, for the sake of this speech, as unincorporated areas. I said before that the Indigenous population in the seat of Lingiari is 45.3 per cent. In the unincorporated areas, the Indigenous population makes up 58.6 per cent of total persons—that is, a population of 33,569 out of a total of just over 57,000.

I have made these observations because I want to raise a number of issues that reflect the intention of the amendments which have been moved by the opposition. I want you to dwell upon—and I would like to dwell upon—the failure of successive governments in the Northern Territory to provide these Indigenous Australians with proper services. I want you to understand the element of disadvantage that has resulted from this neglect. Let there be no doubt about it: vocational training in the Northern Territory has been neglected. When I first arrived in the Northern Territory in the mid-seventies, there were adult educators in most Indigenous communities, and certainly in large Indigenous communities. These adult educators worked in conjunction with institutions around the Northern Territory to provide what are now effectively VET courses. Not long after self-government in 1978, one of the first actions of the CLP government over the ensuing few years was to do two things: firstly, close down one of the three Indigenous colleges in the Northern Territory for school students; and then restructure the VET sector and withdraw these adult educators from communities. This created a huge problem, because the neglect in the area of vocational education and training has contributed to the breakdown of community life and manifests itself in major social problems such as petrol

sniffing, alcohol abuse and domestic violence.

It is disappointing to visit communities across the Top End and see the lack of options there for young people. Many, certainly in the seat of Lingiari, have been denied secondary education as a result of the failure of the successive conservative governments to provide them with access to it. Nationally, there are 1,761,000 persons engaged in secondary, technical or further education. Not all the secondary, technical or further education students are aged between 13 and 24, but nationally the great majority in those age groups, 56 per cent, are engaged in some form of education or training. In the unincorporated areas of the Northern Territory in the seat of Lingiari, the percentage is only 20.4 per cent. And these percentages do not tell the full story.

Not only is Lingiari characterised by a large Indigenous population but it is also a very young population. Nationally, persons aged between 13 and 24 comprise 16.3 per cent of the population. In the unincorporated areas of Lingiari, the percentage is 20 per cent. We have a situation where we have a very young population and, where you have a very young population, you would expect to find a greater percentage of people engaged in secondary schooling and in technical and further education. The fact is that in the seat of Lingiari there is substantially less participation.

The most tangible existence of this inequality is the fact that, in the unincorporated areas of the Northern Territory, there is not one dedicated secondary school. As I have done earlier in this contribution, I blame the successive conservative administrations, CLP governments, that have governed in the Northern Territory from 1978 until the election of the Labor government last year. Over that span of 23 years, not one dedicated high school has been built by the government outside of the major centres of Alice Springs, Tennant Creek, Katherine, Jabiru, Nhulunbuy and the Darwin rural area. Clearly this is an area which has been neglected. Aboriginal Australians in the Northern Territory cannot get access to employment, and so they are in a double bind; they are in a catch-22. They

do not have the educational background that is the basis to get into further education and they do not have the skills to get a job—but then they are blamed.

Frankly, as their representative in this parliament, I am sick and tired of it. Governments, and particularly the previous CLP governments in the Northern Territory, need to own up to their responsibility and accept and admit to the fact that they have victimised and marginalised these Aboriginal Australians. Instead of blaming them, we in this country need to understand the facts. When we have come to understand the facts, we need to find a way to remediate them—and the way to remediate them is to work in conjunction with these people.

It is worth knowing that, nationally, 30 per cent of Australians admit to completing year 12 or its equivalent; in the unincorporated areas of the Northern Territory, it is only 13.2 per cent. What we have in the remote part of the Northern Territory in the seat of Lingiari is a population that is neither schooled nor skilled but young and in need of assistance from both territory and Commonwealth governments to address this deficiency. This is an area which has been neglected in the past and will continue to be neglected in the future, unless governments of all persuasions at a national and territory level bite the bullet and begin to provide the services that these people justly deserve—services which every other Australian regards as their right but which these Australians have been denied. Clearly, the situation in Lingiari is that education and training opportunities are inadequate and, concomitantly, there is a lack of appropriate and meaningful employment programs to cater for a growing number of work-age Territorians.

Despite this sad history of neglect in education and training and employment services, numbers of projects in the Northern Territory need to be recognised. I am pleased to report that, when the ANTA Board was in Alice Springs, one of its activities was to visit the small community of Titjikala, which is approximately 100 kilometres south of Alice Springs, which is my home. More particularly, the ANTA Board had the experience of travelling to Titjikala on the old Finke Road.

I suspect that not many people know about the old Finke Road.

Ms Jackson—I don't.

Mr SNOWDON—No-one else in this parliament knows about the old Finke Road. I can tell you about the old Finke Road: it is a doozey. It is heavily corrugated. If it rains, you can expect that road to be impassible, sometimes for months but certainly for weeks and days—and it is impassible to all vehicles, not only conventional vehicles but also four-wheel drives. I hope board members appreciated their trip; they would have got some small measure of understanding of what it is to service these communities.

I am sure that board members enjoyed their morning in Titjikala, as they had the pleasant duty of attending the opening of the Paulus Wilyuka Training Centre. This training centre, an initiative developed by the local community, has been funded by the Commonwealth through ANTA, through its VET Infrastructure for Indigenous People Program. The training centre was built by a local Indigenous building team. It is now open and its first activity was a Plants for People Workshop. The workshop is part of an employment strategy where the Titjikala Tapatjatjaka Community Government Council has sought a strategic partnership with Curtin University and the proposed Desert Knowledge Research Centre in Central Australia. The new training centre is an example of a community—given the opportunity—making decisions and providing a future and direction to develop a skilled and committed community. This is the case for this community, but it is also true for many other communities throughout the electorate of Lingiari and, indeed, across the top of Australia.

The centre is named after the late Pastor Paulus Wilyuku, who dedicated his life to encouraging the community to pursue education and training. Paulus passed away early this year and it was a proud moment when his son Philip, who is now chairman of the Tapatjatjaka, accompanied the ANTA Board on a tour of the centre. Philip and the council submitted a funding application to DETYA to build the facility and were granted \$159,658 by ANTA. The centre is now available for a vast range of training initia-

tives, including Aboriginal health, aged care, environmental health, automotive, retail, art and craft, tourism, business and administration.

I would also take this brief opportunity to congratulate the staff and students of Centralian College in Alice Springs on their achievements in the Northern Territory Training Awards, a precursor to the Australian Vocational Training Awards to be held in November. The college won awards for being the NT Training Provider of the Year and Outstanding Adult Learners Provider of the Year. Students Charmaine Nicholls and Janelle Isles won awards as Aboriginal and Torres Strait Islander Student of the Year, and Jodie Satour was NT Vocational Student of the Year. Congratulations to the college and the students. They have achieved these results, despite disadvantage, because of a great desire by them, their parents and families that they move on in life and be achievers. They have aspirations to achieve and they have succeeded. Centralian College is an important provider of TAFE and VET courses in the Northern Territory. It has become well known for its flexible approach to delivery and training.

Training delivery and assessment is provided where, when and how the client requires it. A good example of this cooperation is the ATSI Central Remote Regional Council Employment and Training Project that was launched recently at the Central Australian community of Laramba, approximately 250 kilometres north of Alice Springs. Centralian College is a partner in this project which is aimed at improving housing, employment and training opportunities in the communities of Laramba, Yuen-dumu, Papunya, Ntaria, Utopia and Santa Teresa which are spread right throughout Central Australia. The project is creating 24 apprenticeships, delivering training across remote areas through a mobile adult learning unit—a fully fitted trailer and prime mover that delivers various programs to communities. Most communities do not have much teaching space. Indeed, as I pointed out earlier, the infrastructure of this area has sadly been neglected by successive conservative governments. The mobile unit is able to

move from community to community providing courses on demand.

We need to comprehend that these communities understand the need for training. They understand that they have been neglected and that governments have failed to provide them with what they justly deserve, so they have taken the initiative themselves. One such initiative is the Desert Peoples Centre, a consortium of the Batchelor Institute for Indigenous Tertiary Education, the Centre for Appropriate Technology and the Institute of Aboriginal Development—another Indigenous community provider based in Alice Springs.

The consortium is developing a credible strategy to ensure the long-term future and growth of quality tertiary education and vocational training of Indigenous people in Central Australia to increase the rate of Aboriginal employment and employability and achieve better health, education and living conditions. The consortium is encouraged by the commitment of the Northern Territory government to support the centre with its \$10 million commitment to what has become Desert Knowledge Australia, of which the Desert Peoples Centre is an agency. The consortium is also encouraged by interest from ANTA to provide funds.

'Officially' the unemployment rate in remote parts of the Lingiari electorate is 12.7 per cent. In the unincorporated areas of the Northern Territory, it is closer to 53 per cent and up to 80 to 90 per cent in remote communities if you include people who are on CDEP. Much needs to be done to improve the lot of these people and the government needs to take note of the advice of the opposition in its amendment. (*Time expired*)

Ms JACKSON (Hasluck) (11.47 a.m.)—I rise to speak on the [Vocational Education and Training Funding Amendment Bill 2002](#), not in opposition to the second reading, but particularly to support the amendment moved by the member for Grayndler. Essentially, the bill amends the funding level for the Australian National Training Authority in the 2002 financial year and appropriates an amount for the 2003 calendar year. The amended amount for 2002 represents an increase in line with normal price adjustments

consistent with the ANTA agreement 2001-03 and maintains its level of base funding in real terms. The bill also increases the amount of growth funding for 2002 by allowing for indexation. In summary, the amount of funding being allocated is in accordance with the agreements between the Commonwealth and the states. That is the reason why we do not oppose the second reading.

I want to take some time to address the history of the funding arrangements under the ANTA agreement because this bill does not give a clear picture of what has happened since this government came to power in 1996. I feel it is extremely important that we examine the history of those ANTA agreements since their inception because there are significant funding pressures being placed on the vocational education and training system around Australia, in particular in my home state of Western Australia and the TAFE colleges operating within my electorate of Hasluck. I also want to make some comments about the government's failure to address the funding requirements for VET programs in schools, particularly some of the initiatives in my electorate of Hasluck.

As members would be aware, when Labor introduced the Vocational Education and Training Funding Act in 1992, the first ANTA agreement between the Commonwealth and the states was formed, with an initial \$100 million being provided in recurrent funding for vocational education and training and an additional \$70 million per year in growth funding. In its 1996-97 budget, by introducing an efficiency dividend on Commonwealth own purpose outlays, the incoming coalition effectively reduced funding to ANTA by five per cent. In addition, the five per cent real growth on base recurrent funding was discontinued. It continued to get worse under this government with a reduction in annual funding to the states and territories in the 1997-98 budget with the Commonwealth funding for enrolment growth being abolished. The government used its now well-known standover tactics when it required states to achieve 'growth through efficiencies' in return for the Commonwealth maintaining its funding in real terms. This reduced level of funding and

the big-stick approach of growth through efficiency took effect from 1 January 1998 and was carried into subsequent years.

It should also be noted that the Commonwealth contribution to VET operating revenue had fallen from \$947.2 million in 1997 to \$835 million in 2000—I obtained those figures from the statistics and financial data for 2001 and 1999 of the National Centre for Vocational Education Research. This decline in Commonwealth contributions effectively neutralised most of the increased contributions from the states and territories over this period. Sadly, it has taken the government until the 2001-03 ANTA agreement to come to its senses and, for the first time since 1997, the Commonwealth is providing growth funding to the states and territories. However, it remains conditional on the states and territories matching the Commonwealth's growth funds dollar for dollar. By sheer lack of vision in the past, this government has created a situation whereby there has been an effective three-year funding freeze. This is appalling and requires an urgent increase in growth funding to compensate for the years of neglect. That is the situation we are in today.

One example of the changes and cuts in funding that have occurred that I found most shocking was the manner in which the government implemented a decision in this year's budget to:

... rationalise funding for state and territory Industry Training Advisory Bodies (ITABs).

The 2002-03 budget announced reduced funding to the states and territories for industry training bodies and that in 2003-04 federal funding will cease. In Western Australia, this is a reduction of \$900,000 in 2002-03 and a reduction of \$1.3 million in 2003-04. This is effectively 50 per cent of the current allocation at the state level, as the \$1.3 million federal funding has traditionally been matched by \$1.3 million in state funding and divided amongst 14 very active industry training advisory boards in my home state of Western Australia.

I understand from my discussions with ITABs in Western Australia that they have not received any official correspondence from the government informing them of this

important decision—nor has there been any analysis of the impact on the training agenda for each industry thus represented—and that the government has not entered into any dialogue with the ITABs about their work over the last five to 10 years or their future projects. It is astounding to me that this government can implement these funding decisions without recourse to the hundreds and thousands of people who have been working hard, in many cases with a great deal of success, implementing effective and efficient training outcomes in Western Australia.

One group that was particularly concerned about what was happening to them was Automotive Training Australia (WA), the Automotive Industry Training Advisory Board in Western Australia. They were advised by the state Department of Training that the federal government was going to cease its contribution to state training advisory boards from 1 July 2002. They wrote to me in concern:

The effect that this reduced funding will have on our statewide operations will be to reduce the services currently provided to the industry (96 per cent of which are small to medium sized businesses). These services have included the implementation of the new Automotive Training Package; involvement in the national review of these new training arrangements; marketing and promotion of automotive training arrangements to industry to arrest the decline in apprenticeships and traineeships; a lifting of the image of the industry in the school sector (attracting year 11 and 12 students to the vehicle industry); the establishment of closer partnership arrangements between employers and registered training providers; an awareness of the responsibilities the partners have in these new training arrangements; provision of assessment services for people who wish to have their skills formally recognised; and an awareness of the high-tech career opportunities in the vehicle industry for parents and students.

They go on to say:

Given we are only a couple of years into these new training arrangements and the fact that the ITAB is the only body which is actively promoting and implementing these arrangements, it is likely that the national training agenda, which has cost the federal government millions of dollars to develop, will now fail to be implemented, and we will see a further decline in our skilled labour force in this country (currently running at ap-

proximately 20 per cent in the automotive industry in Western Australia).

Their letter goes on to seek assistance from all members in addressing their concerns.

That is not the only industry affected. Another, which is very close to my heart, is the community services, health and education industry in Western Australia. That industry employs an estimated 154,800 people and accounts for 17.5 per cent of total employment in Western Australia. It has also been identified as the industry with the greatest growth in employment in Western Australia. It seems to me a rash decision to unilaterally remove federal money from this body, which has been driving the training agenda for this industry. Many of the industry training and advisory boards play an important role in the economic stability and competitiveness of our state. The community services, health and education industry currently consumes 14.3 per cent of publicly funded vocational education and training delivery. The Community Services, Health and Education Industry Training Council in WA has played and continues to play an integral role in ensuring the success of this vocational education and training delivery. After nine years of involvement, this ITC has the ability to respond to the changing training requirements of the state's industries.

I frankly do not see that it is necessary for this minister to attempt to reinvent the wheel when the wheel is not broken. However, it appears from the very little information we have from the minister on this particular budget item, which reduces and cuts this funding, that he does intend to reinvent the wheel. Indeed, ITABs in other states are already disappearing. In Tasmania, several ITABs ceased operating on 30 September. The ITAB web page states that advice previously provided by ITABs may be sought from former ITABs which continue to be able to operate or from registered training organisations or peak industry associations. I think that leaves a huge gap. What are the government doing to fill this huge gap in information that they have effectively created?

The only information that I could find was the minister's press release of May 2002,

where he asked his department to oversee consultations with key stakeholders. The minister kindly listed those groups he considers to be key stakeholders in the vocational education and training area: the Australian Chamber of Commerce and Industry, the Australian Industry Group, the Business Council of Australia and the National Farmers Federation—all, I might say, well known and respected organisations that do a very good job of representing their members and their members' interests. But it is glaringly obvious to me that there are some pretty significant stakeholders who are not included in that list.

Surely the minister could not have forgotten those Australians who actually undergo the training and rely on the training to find satisfying and appropriately remunerated employment—in other words, the employees, the trainees and apprentices themselves? I hope that we will hear in the near future that the minister will actually be consulting with the organisations and associations that represent these employees; otherwise, frankly, any advice he or the training system receives is going to be one-eyed, if I can use that term, or lopsided. If we are going to have a system that responds to the needs of young people in particular, then young people and their representatives are a necessary part of what should be a comprehensive consultation process.

I would like to move on to the TAFE sector. The area of vocational training in the TAFE sector contributes in a major way not only to the development of Australia's human and social capital but also the country's economic progress. The courses offered by TAFE are designed to meet a diverse range of educational needs, with students coming from a wide range of age groups and socio-economic backgrounds. TAFE enrolments reflect to a very large extent the diversity of the Australian population and work force as a whole.

In my electorate of Hasluck, we are fortunate enough to have two TAFE campuses to service the vocational education and training needs of those living there. They are the Midland College of TAFE and the Thornlie Campus of the South East Metropolitan

College of TAFE—two fine centres of vocational education soon to be amalgamated in Western Australia as the Swan College of TAFE. I did lobby for it to be called the Hasluck College of TAFE but, unfortunately, was not successful.

The Midland College of TAFE has been providing training services to meet industry and community needs for almost 100 years. The college's centenary will be in 2004. The Midland College TAFE has been a vocational education icon in the Swan region. It started at the old Midland railway workshops and has trained many members of the local community. It currently employs over 300 staff and contributes significantly to the local economy.

Midland College of TAFE has developed a wide range of specialised training programs in response to regional and in many cases statewide needs, and in the process has forged strong partnerships with industry and community in the Swan region. One such program which Midland TAFE has initiated, and which I was fortunate enough to attend the official launch of, is the aviation training program. Midland College is the only TAFE college in Western Australia providing training to the aviation industry and is highly regarded across Australia in relation to its training in specific areas such as general aviation, pilot training, assessment for Civil Aviation Safety Authority qualifications and airport management. As part of their studies, aviation students are able to access a specialised state-of-the-art computer room as well as an aviation simulator room.

The Swan VET in Schools program is yet another example of how Midland TAFE has forged important partnerships with the local community. In 2002 approximately 2,000 students from government and non-government high schools have participated in the Midland TAFE VET in Schools program, which provides high school students with a seamless pathway from school into Midland TAFE and from there, hopefully, into the work force or further study.

These two programs are just a couple of examples of how Midland College of TAFE has been able to recognise the needs of both the local and wider community and industry

for specialised training requirements and has developed programs to meet these needs. Other program initiatives include a tourism and hospitality program, which has a large focus on the wine industry in the Swan Valley, and a wide range of Indigenous programs which are well placed to encourage the participation of the Swan region's Aboriginal population, which is the largest in the Perth metropolitan area.

The second campus that I referred to was the Thornlie Campus of the South East Metropolitan College of TAFE. It is a national leader in vocational education and training programs. This TAFE offers a number of programs ranging from child care to business studies to information technology courses, but Thornlie TAFE is perhaps best known for its specialist trade courses. The TAFE has worked hard to ensure that its training programs are amongst the best in the nation. Through its close work with industry leaders in course development, Thornlie TAFE ensures that students not only receive quality training but are also likely to secure jobs in their chosen trade on the completion of their studies.

It is this commitment to quality training that has seen the TAFE successfully recognised with a number of awards, including the Western Australian Training Provider of the Year in 1996, 1999, 2000 and 2001. Last year, the South East Metropolitan College of TAFE received the award for the National Large Training Provider of the Year. This award recognises the TAFE's commitment to leading practices in vocational education and training as well as relationships the TAFE has established with key enterprises and industries within its region. I want to commend both of those TAFE colleges for their work.

The final thing I said I wanted to address was the situation of the VET in Schools program in schools and TAFE colleges in my electorate. Participating schools include Governor Stirling Senior High School, Kalamunda Senior High School, Gosnells Senior High School and Kenwick Senior High School. These schools offer courses to high school students that contribute towards certificates from the Australian vocational certificate system, and in some cases students

can graduate from high school with the qualifications for entry into diploma level courses at TAFE and possibly universities. One school I would like to make special mention of is Thornlie Senior High School. The VET program at Thornlie allows year 11 and 12 students to complete certificate I and certificate II qualifications in a range of programs. Upon graduating, participating Thornlie Senior High School students are already equipped with two years worth of their TAFE studies and already have industry recognised skills and qualifications in their area of interest.

I am particularly familiar with the Thornlie VET program, as I have had the opportunity to become directly involved with one of their students via the Structured Workplace Learning Program. After meeting with program coordinator Lynn Francis at the high school, my electorate office decided to provide a workplace learning program for student Elaine Doherty. Elaine is a year 11 student who is currently completing certificate I in a business services program. Working in my electorate office will provide Elaine with some experience about how an office works, as well as becoming familiar with office procedures, technology and equipment. Elaine is also fast proving to be an asset to my electorate office as the more she learns, the more she is able to contribute to the smooth running of the office. In return, I hope that we are able to assist Elaine to develop a range of skills that she can use upon her graduation to further her studies or to secure employment in an industry job.

That is why I think it is absolutely vital that this government increase the funding to VET in Schools programs, particularly those such as the programs run at Thornlie Senior High School. They meet the Australian Quality and Framework standards and they are registered until 2006. I trust that the government will take my advice. (*Time expired*)

Mr ZAHRA (McMillan) (12.07 p.m.)—The Latrobe Valley has long been known as a place which has produced outstanding tradesmen. These people have been able to take on some of the greatest engineering tasks this country has ever seen and have not only done them well but also done them in a

way which has led the world in many aspects of engineering and mechanical manufacture. We continue the tradition of producing outstanding technical orientated and skilled people in the Latrobe Valley. While I was listening to my colleague the member for Hasluck during her excellent contribution to the debate on the [Vocational Education and Training Funding Amendment Bill 2002](#) I was reflecting on how many things have changed in relation to technical training and what you might generally call vocational education and training.

I guess my generation, in the Latrobe Valley at least, represents the last generation that had the chance to take some of the opportunities that used to be offered to so many people in the Latrobe Valley. I can recall, when I was in Year 10 at Catholic Regional College in Traralgon, being sent an application form which was sent to every school in the Latrobe Valley from the State Electricity Commission inviting us all to take up jobs as apprentices with the SEC. We were really the last group to have had that chance. For every year subsequent to my year at school, that opportunity was not there. In the Latrobe Valley, the SEC in one year took on more than 700 apprentices. That was an enormous number of young people to be taken on as full-time employees for a proper training and education program which would result in a full time, highly skilled, well paid job. We have had that tradition always in the Latrobe Valley of producing people with outstanding skills in the technical arena. We have produced some people who right now, using the ticket that they got in the Latrobe Valley, are making ongoing and substantial contributions in other parts of Australia, which is where the work is now. The work is not in the Latrobe Valley in the way that it used to be, but those people that we produced are using those skills to good effect in other parts of the country.

We have some outstanding education institutions in the Latrobe Valley, and I cannot think of a time in our history when they have been better led. We have an outstanding pro vice chancellor at Monash University Gippsland who is providing outstanding leadership at that institution and making sure

that it meets the needs of local people and works well with other local institutions. Professor Brian McKenzie has been with us in the Latrobe Valley for only 2½ or three years, but his impact has been felt enormously. He has been able to make sure that the university meets the needs of local people and has increased morale as so many people at Monash University Gippsland campus have felt the strength of his leadership and realised the fact that they have a fighter for them. Often, as you would be aware, Mr Acting Speaker Hawker, the fights within universities are as important as the fights outside of universities. In Professor Brian McKenzie we have got a great fighter—not just for Monash University but for our bit of Monash University within that very large institution.

Similarly, we have had the great fortune to have a new chief executive officer of Central Gippsland Institute of TAFE in the last few months. I have met with him a few times; I have had quite a few discussions with him. His name is Jeff Gunningham. He is a bloke who has come to the Latrobe Valley with the right idea about what it is that our community needs and how to deal with the different parts of our community and meet their legitimate aspirations. He is a bloke who is from Wales, so he fits right into the Latrobe Valley. He regularly talks to me about how much the Latrobe Valley reminds him of the Welsh valleys which he has spent a lot of his life in.

We also have, at Gippsland Group Training, Kevin Kennedy who has been the chief executive officer there for some years. He provides outstanding leadership at Gippsland Group Training. He has turned what was once a quite small, not-for-profit company—which was formed by a group of people who had the idea of generating some jobs and training opportunities for young people in the Gippsland region—into the premier group training company in Australia. It employs more than 1,200 apprentices, and when you take on an apprenticeship at Gippsland Group Training you have got an absolutely ironclad guarantee of four years training and work. There are not too many group training companies that offer that, but at Gippsland

Group Training they do and they take very seriously their responsibility to turn out those kids with great skills, a great education and a ticket to whatever they want to do with their lives.

I cannot think of a time in the Latrobe Valley's history where we have been better served by the leadership which we have in our key post-compulsory education institutions. Kevin Kennedy at Gippsland Group Training, Jeff Gunningham at Central Gippsland Institute of TAFE and Professor Brian McKenzie at Monash University are people who have made, already, a substantial contribution to the Latrobe Valley. They are making a growing contribution as they settle into their roles and involve themselves more and more directly with the Latrobe Valley community. They are working with us to make sure that our aspirations are met and that their institutions are able to play a key role in helping us move on from some of the job and training opportunity issues that we have confronted in the Latrobe Valley. They are working with us so that we can move on to being a place that is associated with jobs and highly skilled people, which is what we want to be.

I had the good fortune just last week to go to the launch of a mural at Morwell, which is the home of the Gippsland Vocational Training Unit. The Gippsland Vocational Training Unit is a pretty special place and provides specialist training and employment services for people with a disability aged between 15 and 26. Interestingly, it is right across the road from where I used to work years ago at the Aboriginal health service in Morwell and I have had quite a bit to do with this group over many years.

They brought in a local artist and worked collectively with a group of students who are a part of the Gippsland Vocational Training Unit and they put together an incredible mural. It was so interesting to hear what some of the participants had to say about how they felt about that mural and what the artist had to say about people's attitudes before they put the mural together and after. It was really a case of people not feeling that they had any skill at all—not feeling that they could do it; thinking that it was too hard and that this was

something that was beyond them. Imagine their delight then when the mural was unveiled. Around 70 or 80 people were there from the local community and could see their work and were incredibly impressed with the quality of it. It really was a magnificent day and it is a magnificent mural. We are extremely proud of work of the Gippsland Vocational Training Unit, and particularly proud of the 15 or so young people who participated in putting that mural together and impressed by their talent. It is a great feature there in Collins Street in Morwell now and really does brighten the place up.

We have had difficult times in the Latrobe Valley. As a Victorian, you would be aware of that, Deputy Speaker Hawker. With the rationalisation and privatisation of the SEC we did lose a lot of jobs. We have suffered high unemployment for roughly the last six, seven or eight years. But we are well on the way to recovery. We are working very hard with our colleagues in the state government to achieve that, and I think things are definitely on the improve. One of the features of that transition we have faced and the difficult circumstances we have confronted has been the unemployment rate amongst young people in particular which our community has suffered from for most of those years which I mentioned. A great way of improving the opportunities for young people is to get them into training, and TAFE in the Latrobe Valley has played an incredibly important role in that. TAFE in West Gippsland as well has played an important role in making sure that young people are given opportunities other than just going to school or not being in school. I think this is one of the great attractions of TAFE for so many people.

In the Latrobe Valley we have had youth unemployment rates at various times approaching 40 per cent. What we know about young and unemployed people who finished school at year 10—sometimes even before year 10—is that if they are not going into something else they are going into unemployment, and the longer they are in unemployment the greater the likelihood is that they are going to be involved in matters to do with the criminal justice system or to involve themselves in the type of behaviour which is

going to be destructive to them and not conducive to producing the type of community we want to see. TAFE can play an incredibly important role in making sure that young people when they leave school—if they just cannot go on any further with school—are able to get into something and are able to get an opportunity from their effort in being involved in that. We have seen a lot of success in people taking the time to go and involve those people in TAFE courses. They are not just waiting for people to come to them; they are going out to schools and other places—going out to employment providers, going out to various people in the committee—and trying to get some of those people who have perhaps dropped out of school into TAFE.

There was a magnificent program at Kurnai College in Morwell which sought to bridge the divide that sometimes exists between school and the next training opportunity. They established—long before we had the Victorian Certificate of Advanced Learning, which is being introduced in Victoria—a program whereby those students who for whatever reason were unable to complete the requirements of the VCE in year 11 and year 12 were able to do an alternative program at Kurnai College which involved them in doing a number of units at TAFE and also doing a number of units associated with some other activities that they had identified as having a particular interest in. It was a magnificent program, and out of the 30 young people who participated in that program there was something like an 80 per cent success rate in getting those young people into either a job or training on the other side of it. That is an outstanding outcome given that in general terms we know that, if someone was 15 or 16 years old and living in the Latrobe Valley and had left school quite young and did not have a job to go to, there is a great likelihood—a 40 per cent likelihood—that they would be out of work for a long time. And we know what that means to them.

It was a great program, and it was a shame when the federal government cut it. Fortunately, we were able to get the state government to take on the funding for it and so continue the program, which is of course

continuing to deliver a benefit to all of those students who participate in it—and not just to them but to their families, to the school and to the broader community.

One of the successes in vocational education and training in bridging that divide which sometimes exists between people completing their schooling at whatever level they do and the next thing in terms of either a job or a training opportunity has been the Latrobe Valley Jobs Pathway Program. We have done this in quite a typical Latrobe Valley way. I do not want to make any comment on how it has been done elsewhere. I am not familiar enough with it to be able to comment on whether the program has been a success or a failure elsewhere, but in the Latrobe Valley it has been done in a way which has ensured that good outcomes are being achieved for people. The way that it was done was to get the three big public secondary colleges in the Latrobe Valley together, along with my old school, Catholic Regional College in Traralgon, and to form a consortium to manage the Jobs Pathway Program and employ a number of people to manage that program, which is based out of the Gippsland Regional Ecology and Environment Network building near Monash University in Churchill.

They have been fortunate with the people involved, who have all been outstanding and have taken a real interest in making sure that young people are able to move from school into work or from school into a training opportunity. They recognise the urgency of that situation. They have worked very hard and intensively with people to ensure that they do not fall into nothing—that they do not get trapped in long-term unemployment. In communities where there are not a lot of jobs, that is a real fear sometimes, and a very grim reality for a lot of people. That has worked very well for us, and the people involved and the schools involved have really made a great difference to the people of the Latrobe Valley, through their efforts in building that consortium, conducting it in the way that they have and getting the outcomes that they have for local young people.

We have a very important initiative under way in the Latrobe Valley at the moment, Mr

Acting Deputy Speaker Hawker, which you might know about, as a Victorian. It is the Latrobe Valley education precinct. This is an initiative of the state government which I am pleased to have been involved in working towards and working with them on. We will see an investment made by the state government of around \$11 million to build a new public senior secondary college in the Latrobe Valley, to be based at Churchill as a part of Monash University's Gippsland campus. Central Gippsland TAFE have agreed to be a part of it, as has Gippsland Group Training. This is a great product of that leadership which I was talking about before, where the leaders of our education institutions have come together to support an innovative idea to try and achieve better results and, in particular, better opportunities in training for Latrobe Valley students.

This will make a big difference to education and training in the Latrobe Valley. From my viewpoint, the sooner it happens, the better. They are just working through some of the issues to do with curriculum, location and which schools will offer which programs as a part of the combined public secondary curriculum in the Latrobe Valley once it is established. There is a bit more to do, but it is going extremely well. It is something that I think will make a big difference to people in our district.

There has been a bit of talk about what constitutes training in the context of this debate. What does not constitute training is what we have seen take place at a new McDonald's store in Sydney, where there were 52 people employed and every single one of them was employed under a traineeship. You had 52 trainees running a brand new McDonald's outlet. I do not think that is right. It begs the very obvious question: if they are all trainees, who is doing the training? And how do they get the training that they are supposed to be getting as part of the traineeship? That is not training; that is not fair dinkum. That, to me, is a very obvious exploitation of the system. The government should make sure it does not happen, because we do a disservice to the young people involved in it.

When we do not ensure that that does not happen, we bring down the contribution and the worth of the work that is done by those young people at Maccas. There is a lot you can learn from working at McDonald's. There is a lot you can learn from working at most places. Maccas is one of those places where a lot of people go, get a start, learn a bit about work and get some good skills, which they take to other places. It is not necessarily a traineeship but a good opportunity, and the government should act to make sure that that type of exploitation does not take place.

What we want to see in the Latrobe Valley and in the other parts of my electorate, in West Gippsland and Pakenham, is a fair dinkum approach taken to training. We want to see proper recognition for its important role in making sure that Australia has a high-skill, high-wage future. There are two ways for us to go as a nation in the 21st century: we can go down the path of being a quarry and trying to have an economy based around primary industries, or we can try and extend that and make sure that we have new technologies, new efficiencies and increases in productivity associated with the employment of new technology and training in those sectors. We could also become a centre for the use of that technology and the use of those new and innovative ideas associated with new ways of learning and new ways of making sure that our population is amongst the highest skilled and best trained in the world. That will make us attractive, and in a globalised world that is what we need to be in order to ensure our future.

Training is important to the Latrobe Valley. It is important to West Gippsland and it is important to Pakenham. We have a great tradition in training in my electorate and we are proud of the tradition that we have. We want to see the federal government get behind more of the efforts that are being made by our outstanding local training institutions, like Monash University, like Gippsland Group Training and like the Central Gippsland Institute of TAFE.

Mr SIDEBOTTOM (Braddon) (12.27 p.m.)—It is always a pleasure to follow my colleague and friend the member for

McMillan. Not only do we share a passion for matters of education and training, but his electorate of McMillan—particularly with the Latrobe Valley—is very similar in many ways to my electorate of Braddon, on the north-west coast of Tasmania. One of the major issues affecting our regions is persistent unemployment, particularly—and sadly—persistently high youth unemployment. It is incumbent on us to do anything that we can do, be it in opposition or as the government of the day, to assist regions like ours and our young people. Having an opportunity to speak on education and training at any time is very important, particularly vocational education and training specifically.

I therefore am pleased that we have the [Vocational Education and Training Funding Amendment Bill 2002](#) before us, in order to fund this very necessary component of education and training in our country. However, as has been pointed out on this side of the House by many speakers before me, we have grave concerns about the direction of the government's intentions in terms of vocational education and training, more so because it seems to provide more rhetoric than substance in this area. It is important that we point out areas of inadequacy in the government's approach to this area. That was clearly outlined by the shadow minister responsible for this area in his foreshadowing of an amendment critical of the government's approach to this issue.

Having been a member of the House of Representatives Standing Committee on Education and Training, I had the privilege of participating in the boys in education inquiry. Part and parcel of that inquiry were the numerous submissions made outlining the issue of alienation within schools, particularly amongst boys. By the way, that report will be tabled next Monday, and I will have the privilege of speaking to that in more detail then. Emerging from that inquiry is the whole question of the way schools are structured and staffed, and the nature of the curriculum in schools, which does not appear to meet the contemporary needs of many young people. One thing that has relieved this situation in particular has been the

growth of vocational education in schools. I would like to take this opportunity to encourage the continuation of the growth of VET in schools throughout the country and also to congratulate those people involved with the provision of VET in schools.

I had the privilege of being a senior secondary college teacher in Tasmania at The Don College in my region for some 20-odd years. Tasmania, early in the piece, adopted vocational education and training in schools. In fact, it has been a pioneer in Australia. Most of our colleges in Tasmania are registered training organisations and provide the training required for certification. They have a long history of association of VET in schools. There is no doubt that curricula which take into account vocational education and training attract more young people, and in particular boys, to participate in furthering their education. This is because it is relevant and contemporary, and, importantly, they can develop important education, training and vocational skills. Emerging however from this, apart from the terrific pressure that this places on secondary schools with the more traditional structure of going from grade 7 to 12—less so in Tasmania because of the introduction of senior secondary colleges in the 1960s and the ACT, where that is replicated—I can appreciate the incredible changes that are required in those schools to meet the increasing demand for VET in schools.

The present House of Representatives Standing Committee on Education and Training is conducting an inquiry into vocational education in schools. I encourage anyone and everyone involved in vocational education and training to make submissions to that inquiry. In particular, it is inquiring into the place of vocational education in schools and its growth, development, and effectiveness in preparing students for post-school options. Details can be accessed through the education and training committee's page on the parliament's web site. It makes for interesting reading already.

I would like to cite a couple of submissions from that inquiry, which are publicly available. These bear testimony to the incredible enthusiasm of those who participate

in vocational education in schools and certainly in TAFE—and I am not denying the role of TAFE for a moment but I would like to concentrate on VET in schools. Firstly, there is the enthusiasm of the people involved. Secondly, there is the development of the closer links between schools, their communities and businesses, which is a fundamental part of vocational education in schools. Thirdly, they raise the persistent question of the lack of resources required to carry out a successful, innovative, contemporary, relevant, effective and efficient restructuring of schools and provision of vocational education.

I would like to cite the submission of VETnetwork Australia Inc. to the inquiry into vocational education in schools, submission No. 27. VETnetwork Australia Inc. is the national peak body supporting VET in schools. It carried out a major national survey in 2001 and part of 2002. I would like to share some of the submission's findings. I do not wish this to sound totally negative, but it is important that we are able to offer constructive suggestions to make vocational education and training in schools much more effective and efficient.

The biggest issue facing the delivery of VET in schools, according to VETnetwork Australia's very comprehensive survey, is the perennial issue of inadequate funding and resourcing. We see time and again in this House finger pointing about whether or not it is the Commonwealth's responsibility to provide funding. I have the current Minister for Education, Science and Training's second reading speech in front of me. In that speech he tell us what a wonderful job he and his government are doing in relation to this. We are also told that the states must contribute more to vocational education and training and also university education. But the finger pointing does not mitigate the simple fact that education is the best investment this country can involve itself in. It has to be adequately resourced, and finger pointing will not resolve that issue.

Again I return to the submission from VETnetwork Australia Inc. Under the category 'Inadequate funding and resourcing', the submission says:

... the following sub-areas were identified: inadequate funding/resourcing, including lack of continuity of funding ...

This seems to be borne out by just about every submission that the House of Representatives Standing Committee on Education and Training has received so far. When you speak to people on the ground involved in vocational education in schools, TAFE and other institutions, you find that this is the perennial issue—a lack of adequate funding and resourcing. The submission continues:

... inadequate resources ... rapid growth of VET but not funding ... financial penalties in TAFE funding formula for additional delivery hours within budget ...

It then refers to access to computers et cetera. Clearly it is a question of funding. In his second reading speech the Minister for Education, Science and Training claimed:

It is also essential that our vocational education and training system provides opportunities for all our young people who decide to embark on careers that do not involve university study. Young people's decisions need to be respected and nurtured.

Nobody disagrees with that, except to say that the situation for students who take up vocational education and training courses should be mirrored in the situation for those who take up university study. But what we are getting in this House now is a wedge being driven into the educational system in Australia, where the elite are now deemed to be at university and everybody else is doing vocational education and training. Effectively the government is saying, 'We think we should be encouraging those people to do vocational education and training.' But where is the money? Where are the resources to match its rhetoric? At the same time it is cutting funding to universities and increasing the financial onus on students and their families to go to university.

Let us hope that the rhetoric is matched by the resources. This bill currently before the House, the Vocational Education and Training Funding Amendment Bill, does not do that. I do not think anyone in the system believes that the government is serious about adequately funding what it believes to be respecting and nurturing young people's decisions not to go to university but to do vocational education and training.

ed and training—and they should not be mutually exclusive. We are talking about investment in the education and training of our nation, particularly our young people and those people who want to continue their education throughout life.

Another area identified by the VETnetwork Australia Inc. national survey was the inadequate time for VET coordinators to run programs. Having been involved in schools, I can tell you that the workload on these energetic, enthusiastic people is enormous. It is just not good enough to rely on the goodwill and the good nature of people to carry out the organisation of these programs without adequately resourcing them. No wonder it is the case that, in other surveys that I have seen, these good folk who are involved in coordinating these courses suffer burnout. The constant rate of change for VET in schools was another area identified by VETnetwork. There is no doubt that the most important thing associated with VET programs is that they are quality training, learning and experiential programs. It is very important that they are quality programs. That often involves an incredible amount of monitoring, assessment, certification and different requirements being imposed on the providers of these services. There is a lot of change, and that takes effort. In order to respond adequately to that, this change rate should be resourced properly.

Another area mentioned by VETnetwork Australia was teacher qualifications, training and experience. I noticed in one of the submissions from Deakin University that they place a lot of emphasis on preparing teachers who are taking VET in schools programs and TAFE programs and ensuring that they are adequately trained. In some instances, coming off the industry floor is not adequate training to be a trainer and/or educator in this system. Likewise, coming straight out of university without industry experience and training is inadequate. We need to try to marry those two things together. It is important that we adequately resource our teachers, the certification of our teachers and the qualifications that they receive in order to make the system work efficiently and effectively. If we do not, and it just becomes a

non-quality experience, unfortunately our nation will be served poorly, more and more students will be alienated by the system and the unacceptably high youth unemployment rate in our country will continue to rise.

Let me turn to student training, work placements and employment outcomes. There is a great deal of concern about this. There is purely and simply the logistics of finding adequate numbers of workplace experiences for students so that they have a quality experience, and then there is the need for actually going out and monitoring this, setting it up, travelling about and dealing with the associated requirements. Again, that has to be adequately resourced. It is a massive time constraint and needs investment.

An interesting issue concerns perceptions and lack of knowledge about VET, both within and outside schools themselves. The whole issue of VET and its position in schools is one of the most important educational issues today. VET in schools will play a significant part in making schools more relevant to students, more innovative and more community and business centred—more contemporary. It is very important that we support them in that.

My former college, the Don College, which is a senior secondary college, introduced VET into its curriculum a number of years ago. It currently has 31 vocational education and training subjects outside what we would regard as the more traditional academic generalist program that is available. There are 31 VET subjects, 12 of which have a work placement component—that is, structured workplace learning. That involves something like 120 to 240 hours a year at a work site. That is a massive program of work placement and learning that students do one day a week or in a block—whatever suits the workplace that they are involved with. There are 260 students and 300 businesses in that program. The college is in a town of about 19,000 people. You can imagine the resources required to support that program to allow those students to have a contemporary, quality vocational education and training experience, ranging from automotive work placement to building and construction, hos-

pitality, information technology, outdoor recreation, primary industries and tourism.

All those industries affect my region. What we need more than anything is not the rhetoric but the resources to support vocational education and training in schools. I congratulate all the teachers involved in these programs in our schools and in our TAFE colleges.

Mr RIPOLL (Oxley) (12.47 p.m.)—I am very pleased to be speaking on the [Vocational Education and Training Funding Amendment Bill 2002](#) because it gives me an opportunity to raise a number of very important issues which are really at the core of what the government should be doing with the community in education and training.

I will start by looking quickly at the amendment itself. This bill provides for funding and very little else. But it is not funding in terms of increases; it is funding which is completely inadequate. What have we seen over the years, particularly since the Vocational Education and Training Funding Act 1992 gave effect to the first ANTA agreement between the Commonwealth, states and territories? Funding was built up by the Labor government. There was an extra \$100 million injected into recurrent funding, which was announced in 1991 under the One Nation economic statement. There was an additional \$70 million of growth funding for each year of the triennium. Then the Labor government of the time extended these arrangements through to 1996 and 1997. The coalition government came into power in 1996, and in the 1996-97 budget they introduced a five per cent reduction in funding provided to ANTA. In addition, the five per cent real growth on base recurrent funding was discontinued. The very first thing the coalition did on coming into government was to cut the budget in an area that needed to be expanded, not diminished.

The story we have heard since then has not really changed. In the 1997-98 budget the coalition reduced annual funding to the states and territories appropriated under the VET Act 1992. The states and territories were also forced to achieve through their VET operations what are called efficiency

gains. In these efficiency gains we see a scaled down operation. The word 'efficiency' is code. The real meaning is 'scale down, do less' or 'try to do the same with a lot fewer resources and less money'. In subsequent years we saw more diminished funding and a diminished system.

Let me turn to the new funding principles that form the basis of the new ANTA agreement for 1998-2000. The government could not reach agreement; they had problems with the states, Labor and Liberal. The agreement really meant further reductions in funding, putting more pressure on the TAFE system on the education and training system and throughout the country. There has been a complete failure and a complete lack of understanding as to just how important these institutions are. If you keep looking at the history of this and what the government has actually done, the story gets no better.

Rather than go over some of the history, I want to look at where we are, who the legislation affects, the institutions we are talking about and whether the government might make a difference by doing something positive. At the core of our educational and training system in this country, we have a variety of institutions. There are the schools themselves, from the primary schools right through; the colleges and TAFEs; our universities; our private providers; our training organisations; and private education facilities. They all have a different purpose, they all have a different role, they all use different mechanisms—but they are all essential. That is the key: that they are all essential. As I said, their roles are unique. They are all needed.

I raise that very simple fact because I want to explain that the importance of each of these different institutions and the value that should be placed on them are equal. They should have equal value. It is just as important to spend money at primary school level as it is at secondary school level, at university or at TAFE. It is important to spend money, have funding and policies and be keenly interested in those areas, whether they are provided by the state or whether they are independent, as with private schools and pri-

vate sector organisations that provide training.

Something unique has happened since this government was elected, and it involves the changing role of schools. I do not know that it is a role that schools in particular wanted to take on but I think they have had no choice. That role is to try and bridge the gap where the government fails. The communities—our school communities—often have to pick up the slack. I have examples in my electorate where funding was reduced for Pathways to Work programs and where services provided once upon a time by government are no longer provided. The schools try and come up with innovative programs. They talk to the local community, business and government agencies and try to fend for themselves, which is very admirable. These are great schools with great principals—state or independent—and I think they do a wonderful job.

Of course, while they do that it really does take away from their resource base; it takes away from their primary function. They are faced with a choice, 'Do we just educate the kids and let a whole heap slip through the net or do we go one step further and provide something for those kids who we know will have a tough time of it when government does not provide it?' Not all kids who go to school end up at university, but I think a lot of the time this government imagines that is the case—everyone is going to aim for university and if they do not get there, well, bad luck, go and work at McDonald's. This is the message that is coming across to me loud and clear when I hear the minister talking on these issues.

So there is this changing role within our educational institutions and particularly within our training institutions. The effect of that change has been profound. It has affected schools, TAFE and the private sector. The private sector has flourished and made an enormous amount of profit under this government's policies to outsource and privatise. The government have let other people do the work—other people who supposedly know better than do the government. Obviously, the government are saying that it is better than they can do and that somebody

else should provide those vocational education and training needs.

I am quite concerned about that whole process because at the end of the day I do not believe it is the optimal mix. There certainly should be a mix of private providers, government institutions and all of these, but one should not take away from the other. The reason I wanted to go through that description and set the scene goes back to my opening statements about the core values. We hear government talking about values, yet we do not see them being implemented. They talk about core values that are important to the minister, the department, the Prime Minister and to this government as a whole. They do not talk about who they want to support, who they want to give a helping hand to—not a handout but a hand up—and who they will actually assist in trying to provide for people's futures.

When I talk about people's futures, I am talking about the young kids—our sons and daughters. The young kids who are going through school right now are asking themselves very important questions: 'What am I going to do? Am I going to go to university? Am I going to go to TAFE?' These are the questions they ask themselves. They ask, 'What is the value placed on those institutions by government?' They might not articulate it in that same way but they certainly discuss it amongst their peer groups. They quickly realise that very little value is placed by government on some of those institutions that they may end up attending. This devalues what these institutions stand for.

We have seen a huge devaluation in vocational and educational training. We have seen a huge devaluation under this government of our TAFE system because they have concentrated on what they see as their realm. The realm of the minister is the glitterati of the universities: the huge towers, the big entrance halls, great histories and great heritage. That is all important too, but you cannot take away from one area to give to another when all these areas are equally important. It is on these counts that I give the government a huge fail mark in regard to their abilities and direction. There is certainly no leadership being shown. Rather

than leadership, what we are more likely to see in this place is a dazzling display of vitriolic, regurgitated attacks by the minister on his peers—quite bizarre examples of self-esteem and arrogance.

The huge lack of leadership on the government's part concerns me greatly. I know, from talking to people that work in the TAFE sector and the different institutions, that they are worried and concerned because they know what will come out of this in the years to come—that is, an underskilled class where no value is placed on those young people because no value is placed on the institutions that they go to and no value is placed on the training that they undertake. That is probably a point that the government has not really considered. It probably has not sat down and thought about the flow-through effect right back down to the level where young people, in or out of school, are looking for a job and the importance they place on those training programs and schemes.

We have seen much of the same from this government: the usual rhetoric concerning institutions about which they really do not care. There have been a heap of reports commissioned, and focus groups and experts have been involved. You name it, they have done it. Yet the government say very loudly, 'We have looked at it.' But what have they done? The government recently had a report commissioned, and I do not see any of the government members in the chamber trying to defend it and actually do something about it. I did not hear any of them actually talk about the report they commissioned, which is called *Footprints to the Future*. What do you think that means? It is about our young people having a future. So the government get this report, spend a lot of money commissioning it and then hide it in the bottom drawer because it does not quite say what they might have hoped it would say, which was that everything was fine and dandy, the government are doing a great job and everyone loves the minister because he is a great guy. But that is not what the report said at all. It actually showed some very disturbing facts and some proof about what has been known anecdotally in the community for a long time. It highlighted some really grave

issues, particularly concerning the difficulty young people have when making that very difficult transition between school and work. I do not think there has been a time in our history when it has been harder for young people to make that transition. It is an extremely complex world that we live in. Anybody currently in work or in education knows how many hours they have to do, how much more complex it is and how much faster kids grow up. That is because we are living in a more complex world.

What disturbs me most about what came out of this report is that 200,000 young people are at the margins of education, training and employment. They are not being looked after; no-one actually looks after them. We see the government focus on supposedly finding better policies, but it does not do that. It does not actually find better policies; it comes up with different-looking systems that provide for some but not for many. We have seen a change of attitude, for example through our Job Network, where the government says, 'We can't cope anymore. We can't do the job of trying to have a national employment scheme, so we will give it away or, rather than give it away, we will pay people to do it'—as you would expect—'and we will pay them a hell of a lot of money.' People in the Job Network system get paid an incredible amount of money. In the end, they cannot really do any more because there are no more jobs out there, so people go on the books. It is a bit of a complex system and I will explain it shortly. What I want to make clear here is that, unless the government and the minister devote time, attention and concern to this issue and acknowledge that problems exist, it cannot move to the next level. If the government continues to bury its head in the sand and to say everything is okay, we will never move to the next level. That is where the real problem lies.

TAFE today is in real crisis. I believe that the future of our kids is being sold out. I do not make that as a glib remark; their future is being sold out. If we see collapses in the institutions that provide for them to move between school and work, there is no future for them—unless the future in the mind of this government is to see a whole new class of

kids who work at McDonald's. Every time the minister stands up in this place, he talks about Mcjobs. I have nothing against McDonald's. They provide great work experience and a wage for young kids. They provide some life experiences, a work ethic and a whole range of good things, as do a lot of other institutions just like them. But they do not provide the core training, the core values and principles. That is the stuff that will give young people the ability to move from that job to a career and to move in a career to something that will take them through to retirement. If anyone thinks I am making this up, I ask them to think about how many people who work in—and I do not want to pick on McDonald's, but I will mention them—McDonald's or Hungry Jack's or any of those other organisations are there at age 65. How many people work there for 45 years? They do not because it is not designed to be that type of job. That is okay as long as the minister does not come into this place and insult all of us and those young people by saying, 'This is your future. Your future is behind the counter at a fast food outlet. You will get heaps of training and we should not deride that training because it will carry you through.' That happens until you are about 18. When you are 18 you become too expensive.

That leads to further problems. Currently, in the media and in current affairs shows, we see young kids devastated by what this government has done to them. The government provides the New Apprenticeships scheme. It sounds great. The words sound like something good: new traineeships, new apprenticeships and so many new opportunities for young people, until they realise that the majority of those traineeships are in places like McDonald's, where there is really no long-term future. There is no future for providing for a home, a car, a decent education for their own kids or for their retirement. It just ain't there. We see the government push the money and the focus away. It pushes them towards these types of future jobs. These are the government's future jobs. It does not want to see our kids in engineering or pharmaceuticals. It does not want to see our kids working with complex ideas and information technology. It says it does, but I look at the

figures and the hard facts are that the government takes the money away from engineering and puts it in McDonald's jobs. It takes the money away from training and from TAFE. It takes the money away from real apprenticeships and trades. How many real trades are out there for young kids now? Unless the government supports them through wage subsidies and does something concrete, it is not going to happen.

The government has a scheme and it thinks no-one knows what this scheme is about, but people do know. A young person of 15 or 16 goes on this so-called traineeship. The company gets a wage subsidy and cheap labour—that is really what it comes down to. The young person works at the fast food outlet. They realise in six months time that it is a transitional job. It was always going to be. It tides them over for the holidays, gives them that vital work experience and then they go and look for the real job that they want for the rest of their lives, perhaps in a trade, as plumber, electrician or carpenter. What is wrong with that? What is wrong with having a real trade? You talk to the trades out there and they are saying, 'We can't find the people to come on board because we do not get support.' The federal government has no national program to deal with this. It says, 'Leave everything to someone else. Why don't we just outsource it? Why don't we sell that part as well?' It really concerns me, because I can see a time when our kids are going to be left behind. If we look at OPEC figures and at what the rest of the world does, it is leaving us behind by miles.

All that we have from those ministers on the benches over there is talk about the glitter and the great things they want to do in category 1 schools. I think it is great that we have category 1 schools in this country. They are the ones with Olympic size swimming pools and rifle ranges built in underneath the incredible Olympic size basketball courts. That is all fine. They can provide for themselves. But we see this government introduce bills worth \$50 million plus to help them build new grand entrances to their campuses. Fine, but let them do it themselves. Do not provide the extra funding. That \$50 million could go towards upgrading the equipment in

TAFE colleges and supporting TAFE teachers who are decently qualified and who have corporate knowledge and experience. These are words that the government understands. Corporate knowledge means the teachers actually had a trade first, so they bring their personal experiences and life experiences to the job, as well as the ability to teach. But instead we see the private sector set up under the government's rules and regulations, which allow them to train people under a simple certificate IV of workplace assessment and training which you and I could go out and do in three days. That is the requirement. In three days, you can get squashed through a training program and go out and teach young people.

If you have ever done some training or have talked to people who have, you soon realise that some of these trainers—not all of them—who get squeezed through the system as in a sausage factory are just glorified textbook readers. They turn up, read the text and then say, 'Go off and study it.' If you ask a complex question or seek further information, there is no answer other than: 'I don't know that. You will have to ask someone else or look that up.' They do not know. But why would they know. They have no experience in the area they are teaching. TAFE does not have the ability to compete at the same level as private organisations because the government has set up a competitive system, supposedly to provide competition and more services, but really it provides less quality and fewer teaching staff. We see TAFE devalued, the courses devalued and the certificates that come out of those places devalued. After a time, people start saying, 'The teachers there aren't really that good,' because they know the training process is not good enough. It is not solid; it is not like it used to be under TAFE. We see the highest levels of stress and workplace compensation claims in TAFE and we see that the average age of a TAFE teacher now is 49. They are in crisis. There is no strategy in government. I challenge the government to come back to me with a strategy that says that, in 10 years time, we will have people to replace those who will retire—because it simply does not have one. We have a government that cares about just one thing: its own image. The re-

ality is that most of it went to category 1 schools. The government supports its old mates; it is the old school tie thing. It supports its old mates but it provides nothing for TAFE, nothing for young people and nothing for the future of our kids. (*Time expired*)

Mr HATTON (Blaxland) (1.07 p.m.)—In speaking to the [Vocational Education and Training Funding Amendment Bill 2002](#), I wish to support the arguments that have been put forward by the member for Oxley and the other members of the Labor team who have spoken on this bill. There is a very great disjunction between the government and the opposition when it comes to the question of vocational education and training and providing the funding for it. It is obvious in what the member for Oxley argued in the first part of his speech, it is obvious in the background notes to this and it is obvious in the history of what this parliament has done about vocational education and training and funding that Labor in government initiated in 1992 the Australian National Training Authority. It established that with a view to playing a much greater part in national education and training and providing appropriate funding for it.

All of the people from the Labor side who have spoken—the shadow minister, the member for Jagajaga; the member for Melbourne, Mr Tanner; the member for Grayndler; the member for Oxley; and others—have underlined the fact that it was as a result of Labor programs that for the first time the Commonwealth took some charge and control of what was happening in this area and added funding. Why did they do that? One of the reasons they did it was that they recognised it was not good enough to leave this area to the states, because the states had long been underfunding it.

It was also done because it was realised that the apprenticeship system, when we came to office, had been breaking down over a 20- to 30-year period. The apprenticeship system that had seen people trained in the New South Wales railways, that had seen people trained in Telecom, which became Telstra, and that had seen people trained in government instrumentalities Australia wide had fundamentally broken on the back of the

movement towards—and this has become much greater since 1996, since this government came to power—outsourcing as much as possible the functions of those entities. It was broken on the back of taking from those entities resources and funding, paring as much as possible from the services delivered to the community and from investment in fundamental infrastructure. The fundamental infrastructure is not just the sleepers, the concrete and the rails going down in the transport system of Australia; the core fundamental infrastructure is putting money into the vocational education and training of our people. It was realised that the states did not have enough capacity, that the states were not doing enough. I think it was also realised that, when you looked across the capacity in the higher education area, the poor relation was the TAFE system.

Part of this you can explain in terms of fundamental approaches by different groups in the community—the approaches of the Menzies and Fraser governments and the entirely different approach between 1972 and 1975 under the Whitlam government, which was driven by Gough, driven by Gough's agenda and driven by Gough's predilections about higher education. Many members of the Labor side of parliament—including my predecessor—because they did not have formal academic qualifications from university, were looked down upon by the then Prime Minister. One of the things the last Labor Prime Minister of this country had—because he went through De La Salle Bankstown and from there he furthered his qualifications at night school, at tech—was an appreciation of the importance of technical and further education for not only those people who were going into trades, such as electricians and plumbers, but also those people in bricklaying and broader areas such as what was at that stage still computational studies, before IT had really come in.

In the very old systems prior to the Wyndham scheme, people did not have much choice or opportunity in terms of furthering their education. Those people who went into the work force at 14 or 15 years of age knocked around in a number of different jobs until finally they found something that they

settled into. When they did that, they settled into an apprenticeship agreement that would run for four or five years. Part of that apprenticeship agreement would mean that they would be studying at the local TAFE. Mixing work and study so that they were an integrated whole, they would come out with a lifetime's worth of qualifications.

Following the Wyndham scheme, which I was in about the second year of—previously, access to higher education at university had been extraordinarily foreshortened; there simply was not a vast number of people going through higher education—what were fifth and sixth forms became years 11 and 12, with the addition of an extra year of school. That small number of students in higher education had great constraints. To pay for the costs of that, we had Commonwealth scholarship schemes for years 11 and 12 and for university. There were also other ways into university. You could take up a New South Wales teachers education scholarship, if you could gain the marks for that in the HSC.

There were a series of bursaries provided by private companies to promising students who would go through their education at university, usually in the economics and accounting areas, and often spend the summer periods and nonuniversity periods working for the company and so integrating study, work and training as a whole on the basis of what they had won through their efforts in the HSC. But the tendency at that time was to place the emphasis on university education as being almost the exclusive goal for those people who otherwise would not have been able to get a foot in the door. That had a great benefit for us in terms of opening up—and Gough did it with taking away university fees—higher education to people who otherwise would not have been able to enter the doors of Sydney or New South Wales or Macquarie universities.

A whole range of opportunities was opened up during the 13 years of the last Labor government as one university after another was opened in regional and metropolitan Australia to take care of the greatly increased capacity. It was the Labor government that drove, from 1983 to 1996, levels of

participation at school, at TAFE and at university to levels we had never seen before in this country. It was done in quite a programmatic way. It was realised that you had to plan for the future and you had to plan for educational provision. You had to not just leave it to the market, to the private school system, to the Catholic school system and to the state governments; deficits had to be made up. We provided dramatically increased funding within that higher education area. We had, back then, a Prime Minister who did not have a BA or a Bachelor of Engineering or a Bachelor of Science but who had a basic knowledge of how the TAFE system operated because he had been through it and who also, because his dad had worked in the railways at Chullora as a boilermaker and had gone on to successfully establish his own business, appreciated and understood the importance of training that directly linked to people's work in the workplace. He also understood that one of the great tasks before us in the future was that of training people adequately to adjust to the changing nature of employment in Australia. That is because the one usually lifelong job that people settled into after they had tried a few out, from 14 to 16 or so, was probably gone for most of the population of Australia. If you were going to do something really practical in the face of an apprenticeship system that had been decimated over a period of 20 to 30 years, if you were going to do something fundamental about the problems in terms of vocational education, the Commonwealth had to take it by the scruff of the neck. If you had just left it to the states, the fundamental problems would not have been fixed.

So what did we do? In 1992, the Labor government put in place legislation to provide Commonwealth funding for vocational education and training. It provided for the establishment of the Australian National Training Authority to kick-start the Commonwealth's increased role in that area. There was still a conjunction of the Commonwealth and the states, and that is what we have now. We have a combination of the Commonwealth and the states taking responsibility for this area. Personally I think the Commonwealth should do the job lot. We

should take over control of technical and further education from the states so that there is no more room for duck shoving and there is no more room for arguing, 'It is really not our total responsibility; it is really a matter for the states. The states are trying to cost shift in regard to this. There is a problem and they should try to fix it.' The kind of commitment the Commonwealth made in that system where you have a combination of the states and the Commonwealth was substantial in 1992. It was extremely substantial. It was a commitment the Labor government made to say, 'Okay, we will take the current funding and that will be the base funding. We will increase that funding through indexation but we will also ensure that we put \$100 million into recurrent funding to really get the thing going, and an additional \$70 million per year in growth funding.'

There is one thing Paul Keating is: street smart. He actually buffered the vocational education system in Australia from the depredations of this coalition government when they came in in 1996 by ensuring that the triennial funding ran from 1995 through to 1997. For the first two years of this coalition government being in office the funding for vocational education and training was protected from their depredations. The base funding was there, the increases were there and the growth moneys were there until the first coalition budget that could rip the daylight out of it. And what happened? We had the normal approach of the coalition across a range of areas. They had the National Commission of Audit in 1996. They worked out where they were going to save a great deal of money—and they could blame the states along the way and basically let them carry the can for it.

In 1996-97 the government decided to have an efficiency dividend on Commonwealth own purpose outlays which, as the background paper to this from the library indicates, resulted in a five per cent reduction in funding provided to ANTA. Okay, the coalition knocked off five per cent. They said, 'Well, we have been giving you all of this money; we will knock off five per cent and say that is really being efficient.' Is that an efficiency or just downright bloody-

mindfulness? Is that an efficiency or is it a core emanation of the coalition's fundamental philosophical approach? I would put my money on the latter. But they went further. Five per cent real growth on base recurrent funding was discontinued. So not only did they take back five per cent of it and say that that was being efficient but they knocked out the growth factor as well.

In 1997-98, they had another go at it. They said, 'We'll have a talk to the states. We'll show not only that we've knocked five per cent off the growth factor but also that we've taken this efficiency dividend of five per cent, so we've knocked off 10 per cent from the whole program. We will say to the states, "You'd better get in and make some efficiency gains yourselves"'. This government do not bother investing in the fundamental infrastructure of this country—its people. They say they are going to improve things by telling people they have to do more with less. Under the great propagandist Dr Kemp, the newspeak former minister for education we had for a great number of years, this newspeak government said, 'Do more with less', and that we should all be happy about it.

The agreement between the Commonwealth and the states finally ran aground. There was no agreement and it was stuck in limbo. The Commonwealth, reluctantly, had to come to the party and establish that that decreased funding base should be the funding base for the future—this was in 1998. The five per cent cut plus the five per cent cut in growth funding had been knocked off. In this funding amendment, the new minister—who is an apprentice or trainee of Dr Kemp—has put in a mechanism to provide a little more money, but it does not make up for what has been taken away. The minister glossed over this wonderfully in his second reading speech:

This government believes it is essential to develop a highly skilled work force to increase the productivity and competitiveness of Australian industry and to enable individual Australians to fully realise their potential.

If that is not practised Kemp-speak, I do not know what is. Rhetoric will get you nothing in vocational education and training. Rheto-

ric will allow the situation to continue. People of my generation who went through the trade areas of the old TAFE system and who are now in their fifties find that there is a yawning abyss beneath them with no people qualified to take their place.

We have a system in Australia where apprenticeships have been devalued by everything being talked up as traineeships. We have a fundamental crisis in the trades area: we do not have people adequately trained to take over from those who are currently working their way towards retirement. You cannot run a country on university education alone. You need a fundamental basis to do the real work—trades work; the work that knits the whole community together—and allow it to function. There has been a structural change in manufacturing and a change in the way societies do things. We need people who are well trained and knowledgeable; we need to make our money and our mark through developing our capacities in the knowledge economy. But the knowledge economy is not just there on its own; we have a real economy to run as well. We have an enormous capacity to make our living in the region if we train enough tradespeople not only to work in Australia but also to build and work and develop in the region as a whole.

We need a government that is committed to real funding. We need a government that is not just committed to playing off the states against the Commonwealth. The member for Melbourne made a well-thought out and well-argued speech in respect of this issue. He said that maybe it is time that we had the courage to really look at this deeply, that we took the states out of the equation and that the Commonwealth took total control of the technical and further education area so that no-one can duckshove this. This area is vital to our future not only in providing tradespeople but also in winning our way within the region. It is not good enough to have the education system that we have Australia-wide, where our comprehensive high schools have attempted to become vocational schools as well. I might have taught English and History primarily, but I can still say that the system we have now is a dud. It is a bad

compromise of the failings of the past and a grafted-on attempt to add a series of vocational education exercises under which people are kept for two years longer but they come out of it with virtually nothing.

Smart countries and smart people plan what they are going to do. The Dutch send people through a school system and, at the end of it, they come out with two qualifications in trade areas. They do not have a problem with saying, 'If you want trade qualifications and training, we will give you that training but we'll provide you with the best comprehensive education you can get along with it.' We have a system that is too afraid to say that a lot of people do not want higher education; they want basic trade training—not playing at training at school, but training within a properly funded system. The Commonwealth should take control of this system—it should provide the funding and take control of the future of this area. It is not enough to put up 500 bucks for a bit of IT training. (*Time expired*)

Dr NELSON (Bradfield—Minister for Education, Science and Training) (1.27 p.m.)—Firstly, I thank all honourable members for the contributions they have made to the consideration of the **Vocational Education and Training Funding Amendment Bill 2002**. Whilst I appreciate their contributions, I do not agree with all of them, particularly those that came from the other side. The \$230 million in Commonwealth growth funding, with matching commitments by the states, takes the Commonwealth funding for vocational education and training to its highest level ever. Subject to the passage of the legislation, we will fund \$1.1 billion for 2003 compared with some \$778 million in 1995. This will support Australian enterprises and provide new training opportunities for Australians both young and old.

It is worth the House pausing to reflect that in 1995, the last year of the previous Labor government, there were approximately 156,000 Australians in apprenticeships and traineeships throughout Australia; there are now 362,000, and 38 per cent of those are in traditional trades and industries. In fact, we have had a three per cent growth in the participation in traditional trades in the last year

alone, for which I am sure all honourable members will be pleased. When you think that 38 per cent of the 362,000—that is, 138,000—currently in apprenticeships and training are in traditional trades, and consider that traditional trades represent 14 per cent of the Australian work force, we are not doing too badly.

The Australian vocational education and training system is characterised by considerable diversity and flexibility and, by world standards, high levels of participation. In fact, apprenticeships and traineeships now represent one-third of teenage full-time employment. In fact, 2.5 per cent of the working age population are now in apprenticeships and training, and that compares with 1.1 per cent at the depths during the previous Labor government in 1995. That puts us fourth in the world behind Germany, Switzerland and Austria.

Australia's vocational education and training system provides skills for those who are entering the work force for the first time, for those who are re-entering the work force or retraining for a new job, and for those who are upgrading their skills for an existing job. The skills and knowledge of the Australian work force are becoming increasingly recognised as fundamental—if not critical—assets in the context of globalisation. The Australian VET system, as it is described, is constantly evolving to meet the emerging needs and changing demands of the Australian economy, and indeed of Australian society and our changing environment.

The importance of vocational education and training and the progress Australia has made in building a world-class vocational education and training system has been recognised by industry. Recently the Australian Chamber of Commerce and Industry stated that 'Australia's national training system is thriving'. It went on to note that ACCI and member organisations have committed significant resources, along with those of government, to continuously improving and reforming the national training system to ensure that it continues to meet the current and future needs of employers and employees. Today, industry leads the training system and sets the competency standards embodied in

the training packages used to skill people for jobs. Already, training packages are available for over three-quarters of the Australian work force.

We are also now benefiting from the reform made to Australia's system of vocational education and training. In 2001, some 1.756 million people—that is, 13.1 per cent of Australia's working age population—participated in some form of formal vocational education and training. The funding provided by the Commonwealth for growth of VET in Australia has provided increased opportunities for thousands of Australians, including the following: people with a disability, 69,200, which is 3.9 per cent; Indigenous Australians, 58,000; women, where there are currently 856,000 in training; young Australians, 416,000 aged between the ages of 15 and 19; 481,000 Australians over the age of 40, which represents 27.4 per cent; and people from non-English speaking backgrounds, at least 170,600, estimated at 9.7 per cent of all VET clients. Indeed, more than 600,000 VET participants in 2001 lived in rural and remote parts of Australia, and these students generally achieved pass rates and employment outcomes that were on a par with or better than those of all VET students.

It is also important to note that Indigenous Australians participate in the VET system at a rate above their proportion of the population as a whole, and that women who participate of course achieve equally with men. Australia has world-leading levels of participation in all forms of education for people between 30 and 50 years of age. Australia ranks equal second among the 29 OECD countries in the participation of 30- to 39-year-olds, and first for those above the age of 40. 'Issues affecting skill demand and supply in Australia's education and training sector', from the National Centre for Vocational Education Research, is a very good source document.

The government committed an additional \$72 million over four years for VET in last year's Australians Working Together package to assist disadvantaged people, and also provided a further \$33 million over three years under this year's budget measure, 'Recognising and improving the capacity of

people with a disability'. The National Centre for Vocational Education Research indicates that there are, as I said, 362,000 new apprentices in training. That represents 15 per cent growth over the previous year. You will also be pleased to know that completions of 107,000 represent an increase of 27 per cent in the last year. The number of those who do not complete, of those who are dropping out if you like, has also declined.

In concluding, I will draw on a couple of remarks made by some of the speakers on the other side. The member for Grayndler made some comments about youth unemployment and suggested that youth unemployment is on the rise. In fact, the official Australian Bureau of Statistics labour force survey statistics reveal that teenage unemployment has actually been falling recently. The unemployment rate for teenagers seeking full-time work was 21.6 per cent in September 2002. To put that into context, in July 1992 it was 33.8 per cent. That of course was under a Labor government. A more useful indicator of the extent to which full-time unemployment affects teenagers is the full-time unemployment to population ratio. That has also been falling in recent months. It was at 4.5 per cent in September 2002—at its lowest recorded level.

One of the other observations which I think ought to be made—and I must say I do support the member for Blaxland in this regard—is that one of the faults that we have fallen into as a society over the last 20 years is that we have created an expectation in young people that higher education is, if you like, the Golden Fleece. We have defined success for young Australians in very narrow terms. We have said to them in all kinds of ways as a society over one or perhaps two generations that succeeding in life means getting an outstanding result in the HSC, in year 12. We have said to them in all kinds of ways that if you do not go to university then perhaps your educational and career choices will not be as good as those of someone who does.

One of the things that is so important for us as parents and to those who profess to lead is to say to young people in all kinds of ways that we want them to find and be their

best, whatever that is. Of course, that means pursuing educational excellence. One of the things critically important to this government, and to me as the minister, is that young people know that they have choices available to them. They know that a new apprenticeship, a traineeship, going to TAFE or training with a private vocational education and training provider makes their educational and career choices of at least equal value to those of us who are privileged to have had and indeed completed a university education. For some young people, turning up at school is an enormous achievement; for others it is just simply getting from school to the workplace. One of the many ways in which I think the previous Prime Minister, Mr Paul Keating, failed the young people of this country almost a decade ago was when he said that, in the next decade, which is now, there would be no jobs in this country for people pushing brooms. That sent a very powerful subliminal message to many young people that perhaps there was no place for them in the kind of future which he envisaged for Australia.

Of course, we want to pursue excellence—educational, training and technological excellence. But as long as I am privileged to continue to be the minister as a part of this government, we will not be saying to young people that their life is of lesser value because they do not have a university education. If training and apprenticeships are so important to the Australian Labor Party, why is it that after 355 days as the minister for education I have yet to receive a single question from them about training? There are lots of questions about universities. That is fine, but there are absolutely no questions at all about apprenticeships and training—and I am the minister responsible for apprenticeships and training.

One thing that we should also remember is that the previous generation—my generation—was tethered to a value system that said in all kinds of ways that if we studied as hard as we could we would expect a higher standard of living than that enjoyed by our parents. The problem that the next generation faces is that, in all kinds of ways, they still feel those pressures and they feel them in-

tensely. That is why this bill is so worthy of support and why funding and support for employer incentives for apprenticeships and training, and for vocational education and training, whether through TAFE or anywhere else, is so critically important to our future. We as a nation will only be as good as our scientists and our innovators, as our technicians, and as our tradesmen and tradeswomen and those who work right alongside them. The day this parliament forgets that is the day that we have perhaps arrogated our responsibilities to the future. I thank again all speakers for their contribution to the debate.

Question put:

That the words proposed to be omitted (**Mr Albanese's** amendment) stand part of the question.

The House divided. [1.44 p.m.]

(The Deputy Speaker—Mr Mossfield)

Ayes.....	75
Noes.....	58
Majority.....	17

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Bailey, F.E.	Baird, B.G.
Barresi, P.A.	Bartlett, K.J.
Billson, B.F.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Charles, R.E.	Ciobo, S.M.
Cobb, J.K.	Costello, P.H.
Draper, P.	Dutton, P.C.
Elson, K.S.	Entsch, W.G.
Farmer, P.F.	Forrest, J.A. *
Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hartsuyker, L.	Hawker, D.P.M.
Hockey, J.B.	Hull, K.E.
Hunt, G.A.	Johnson, M.A.
Jull, D.F.	Katter, R.C.
Kelly, D.M.	Kelly, J.M.
Kemp, D.A.	King, P.E.
Ley, S.P.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
McArthur, S. *	McGauran, P.J.
Moylan, J. E.	Nairn, G. R.
Nelson, B.J.	Neville, P.C.
Panopoulos, S.	Pearce, C.J.

Prosser, G.D.	Pyne, C.
Randall, D.J.	Ruddock, P.M.
Schultz, A.	Secker, P.D.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Southcott, A.J.
Thompson, C.P.	Ticehurst, K.V.
Tollner, D.W.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Windsor, A.H.C.	

NOES

Adams, D.G.H.	Albanese, A.N.
Andren, P.J.	Bevis, A.R.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.
Danby, M. *	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	George, J.
Gibbons, S.W.	Gillard, J.E.
Grierson, S.J.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Irwin, J.	Jackson, S.M.
Jenkins, H.A.	Kerr, D.J.C.
King, C.F.	Latham, M.W.
Lawrence, C.M.	Livermore, K.F.
Macklin, J.L.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Murphy, J. P.	O'Connor, G.M.
O'Connor, B.P.	Plibersek, T.
Price, L.R.S.	Quick, H.V. *
Ripoll, B.F.	Roxon, N.L.
Rudd, K.M.	Sawford, R.W.
Sercombe, R.C.G.	Sidebottom, P.S.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.	Vamvakinou, M.
Wilkie, K.	Zahra, C.J.

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Dr NELSON (Bradfield—Minister for Education, Science and Training) (1.52 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

BUSINESS

Rearrangement

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (1.53 p.m.)—by leave—I move:

That consideration of government business order of the day No. 2, Workplace Relations Amendment (Genuine Bargaining) Bill 2002, be postponed until a later hour this day.

Question agreed to.

INSPECTOR-GENERAL OF TAXATION BILL 2002

Second Reading

Debate resumed from 19 September, on motion by **Mr Costello**:

That this bill be now read a second time.

Mr COX (Kingston) (1.53 p.m.)—The **Inspector-General of Taxation Bill 2002** embodies the essence of the Howard government: it is populist, it is bad policy and it is a waste of money. The purpose of the Inspector-General of Taxation is to identify systemic problems in tax administration. The reality is that it creates another layer of bureaucracy. The truth is that the Howard government wanted to appease disgruntled investors in mass-marketed tax schemes by creating a watchdog on the tax office—or pretending to.

Mr Tuckey—Are you going to cancel it?

Mr COX—Yes, we are going to cancel it. Labor's position is this: there is a problem with tax administration, we need to fix it and we can deal with this problem by giving the Tax Ombudsman the resources to do it. The inspector-general will not fix the problem and is simply another level of bureaucracy that will waste \$2 million of taxpayers' money. Labor oppose the bill. Labor's opposition to this bill should not be construed as opposition to reform of tax administration. Let me be clear: Labor are a strong advocate on the need to reform tax administration. We believe the systemic issues need to be addressed; however, the best way to identify these issues is through the Tax Ombudsman. There is no justification for creating another level of bureaucracy.

Today I will discuss the following issues in relation to this bill: its background; the duplication of functions between the Tax Ombudsman and the inspector-general; the independence of the Tax Ombudsman, in contrast to the controlled nature of the inspector-general; and other areas of concern with respect to the functions of the inspector-general.

For the record, I will briefly outline the background to the bill. The role of the Inspector-General of Taxation was conceived by the Howard government to appease investors in mass-marketed tax schemes. It was an election promise that was intended to be seen by the public as another watchdog on the ATO. Senator Coonan released a consultation paper on the inspector-general in May this year. The Board of Taxation conducted a consultation process and presented Senator Coonan with a report in July. In September, Senator Coonan released the government's response to the Board of Taxation's report. Yesterday, Senator Coonan stated that it was time that Labor started talking to some taxpayers. Unlike Senator Coonan, we do not do our consultations with taxpayers at the Royal Perth Yacht Club. But we are talking to the rest of the taxpayers in this country, and they are telling us that they want the current system fixed, not another layer of bureaucracy.

There are two fundamental flaws with this bill: the first is the duplication of the functions of the Tax Ombudsman by the inspector-general, and the second is the lack of independence of the inspector-general. The role of the inspector-general duplicates the role of the Tax Ombudsman. The purpose of the inspector-general is to identify systemic problems in tax administration. The Tax Ombudsman already has the power to fulfil this role. In fact, in 2000-01, the ombudsman devoted 50 per cent of its resources in the tax area to investigating systemic issues.

The Tax Ombudsman has the legislative power to fulfil the role of the inspector-general. Both agencies have a role in investigating problems in tax administration and whether the system is operating fairly from the taxpayers' perspective. Both have the power to exercise royal commission powers and can demand access to premises, papers

and people. Professor McMillan from the ANU, in his advice to the Board of Taxation, said:

In concrete terms, there is little that one can point to in this proposal that distinguishes it intrinsically or emphatically from the Ombudsman ...

In addition to Professor McMillan's advice that the two offices would be virtually indistinguishable, the Board of Taxation's report stated that there was unanimous agreement at the three consultation sessions held by the Board of Taxation and that, due to the ombudsman's lack of resources, it would not be practical for it to undertake the proposed role for the inspector-general. In the Board of Taxation's report to Senator Coonan, numerous industry groups highlighted the overlap between the Tax Ombudsman and the Inspector-General of Taxation. The Certified Practising Accountants submission to the board noted:

While there are a number of advantages in the Inspector-General being independent, this raises a number of disadvantages especially regarding the potential for duplication, overlap of function between the two bodies and the potential lack of accountability in this arrangement.

It is also instructive to consider the international experience. Professor McMillan noted in his advice to the Board of Taxation that in countries that have an ombudsman—that is, the United Kingdom, Canada and New Zealand—there is no comparable office on an independent statutory basis to the proposed inspector-general. So here we are in Australia, a country with a population of only 19 million, and yet Senator Coonan tries to tell us that we need not only an ombudsman and a Board of Taxation to overview the ATO but also an inspector-general. How many watchdogs do we need? Australian taxpayers are asking: when does it end? My answer is: it ends here. The Labor Party will not support the creation of another underresourced government office.

The second fundamental flaw with the Inspector-General of Taxation is the lack of independence. The Tax Ombudsman is independent of the government and is free to prepare reports on matters which it has investigated. The Tax Ombudsman is also entitled to make a special report to the parlia-

ment. It sets out its agenda and has the power to initiate investigations of its own motion. In contrast, the inspector-general's role is one that is controlled by the minister. The inspector-general would not have the power to report to parliament; instead, in accordance with clause 10 of this bill, the inspector-general would be required to report directly to the minister.

The SPEAKER—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member for Kingston will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Indonesia: Terrorist Attacks

Mr CREAN (2.00 p.m.)—My question is to the Prime Minister. I ask him if he can provide the House with a further update on the situation in Bali. In particular, can he advise the parliament of the efforts currently under way to identify, preserve and repatriate those who have been killed? Can the Prime Minister also update the House on the efforts to identify, locate and prosecute the criminals responsible for this terrorist act in Bali?

Mr HOWARD—I thank the Leader of the Opposition for his question. The latest advice to the government is that 30 Australians are confirmed dead. I regret to inform the House that one of those evacuated to Perth died in hospital yesterday. There is every expectation that the Australian death toll will rise considerably as the authorities work through and further identification takes place in relation to the missing. The Department of Foreign Affairs and Trade has been working urgently with families to narrow down the number of people missing, and at present there are 140 cases unresolved. The countries from which other victims have come include Indonesia, the United Kingdom, Singapore, France, the United States, Sweden, New Zealand, Germany, Ecuador, South Korea and Switzerland. I cannot at this stage establish firm numbers from those different countries.

It is of course now, as the Leader of the Opposition indicated, the highest priority to identify and repatriate the remains, and I

want to provide the House with some information on that. This is not easy and is, I know, very distressing to the families of those concerned. Let me say at the outset that I do fully appreciate, understand and sympathise with the sense of frustration and grief and all the other emotions being suffered by the families, which you can only begin to contemplate if you are not actually involved. The condition of the bodies means that identification is extremely difficult. The Indonesian authorities—for reasons I have to say I understand—are insisting, except in cases where obvious identification is possible, on the application of the international or Interpol protocol regarding the investigation of remains, particularly in cases where there have been multiple fatalities. That international protocol means identification occurs according to one of three methods—dental records, fingerprints or DNA.

Sadly, many of these victims are young Australians. As such, their teeth were in good condition, and accessing dental records is not easy. In many cases also, because of the badly charred character of the bodies, fingerprints are not available. I have been told by somebody who I will come to in a moment that, as a consequence, in at least 50 per cent of the cases the only way of properly identifying people is through DNA analysis and sequencing. This was the advice I had from the relevant departments.

This morning I spoke for some half an hour on the telephone to Professor Chris Griffiths, who is in Bali. He is the head of the ID unit of the Department of Forensic Medicine at Westmead Hospital. He is also an Australian delegate to Interpol. He is an expert in dental forensic identification and he, along with other professors of forensic medicine, is coordinating the task of identifying the remains. He confirmed from his on-the-spot experience what I had previously been told. I do know the gentleman concerned; he is a constituent of mine, and I have dealt with him in the past. He is a professor and is an expert in this field. He said that he fully understood the problem. He understood how, in some cases, a relative will say, 'I can identify my wife or my husband from a piece of jewellery.' He reminded me

of the fact that the appearance of remains alters often very dramatically after death, and his very strong professional view as expressed to me was that, if the Interpol protocol was not followed, there was a one in five possibility of an identity error. He said this process was followed very closely in cases where multiple deaths have occurred in the one incident and where, as a consequence, the possibility of a mistake is that much greater.

I know that in the eyes of some—and I understand that and I recognise it—this will be perhaps taking a distressingly strong or formal position in a difficult situation. But I do not think, in the circumstances, the Indonesian authorities can be criticised, and in the end we have to work with the government of another country where this horrific event has occurred.

Could I also inform the House by way of comparison that—and this information I have obtained from the Australian Federal Police—in the case of the Childers backpackers disaster in Queensland, there were 16 victims. They were almost exclusively the victims of burns. It took two weeks to complete the identification process, and that process was carried out in Australia under a very controlled crime scene regime.

I am sorry; this is very difficult for the families. I feel for them and I have had some representations—and I am sure many members have—about this and I sympathise with them. That is why I have not only got the advice of departments—and I did not seriously doubt that advice, but it is always good to have a separate professional on-the-spot assessment—but have also spoken to Professor Griffiths. Having spoken to Professor Griffiths, I have to say that as of now—and, if some other argument is put forward, I will listen to that—I can do none other than support, difficult though it is, the stance being taken.

If DNA identification is to take place, there will need to be samples obtained. The taking of the DNA samples, in turn, will not be easy because a lot of the muscle tissue will have disappeared and the process will involve, in some cases, extracting marrow from bones. That will need to be sent to

Australia. It will take time and it will be very difficult.

I have to explain this in detail to the parliament to underline two things: that I do understand how people feel; but that we are faced with a situation where a formal and careful identification has to take place. As I say, because of the nature of the injuries, fingerprinting is not possible in many cases; it is in some. And because, sadly, many of the victims are young Australians and young Australians these days have much better teeth than their parents, there is not such an availability of dental records. So we are left with that situation.

I appeal to all of those who are focusing on this to please understand the difficulty faced by the Indonesian authorities. In the end they control the situation, it is their country, and I have to say that they are following an established practice in applying the Interpol protocol. That is the advice I have received. If I receive any contrary advice or if there is any further or better view that can responsibly short-circuit the process, I will be only too happy to ensure that that is embraced.

The process is under way, but it will take a considerable amount of time. There are 24 police specialists in Bali working on this now. State police will soon start collecting identification information and material from family members in Australia—photographs, clothing, dental records where they exist, and hair samples—but we need a confirmed missing list, and we are working urgently on that. The staff of Kenyons, the international disaster morticians, will arrive in Bali today and, where possible, they will start preparing bodies for eventual repatriation.

I said yesterday that we had hoped to repatriate the first body yesterday, but this was not possible because of the identification procedures—and I might indicate that I have been informed by the Department of Foreign Affairs that the family of the person concerned indicated, after the situation was explained, that it was better for the proper identification process to proceed. I do appreciate that state government agencies are keenly seeking information and will have an important interest and role in the repatriation

process, and we are staying very closely in touch with them. Mr Downer, the foreign minister, Senator Ellison, the AFP Commissioner and the directors-general of ASIO and ASIS are in Jakarta for talks with their Indonesian counterparts.

Can I say in relation to that that the foreign minister and I will be having a lengthy discussion this afternoon after question time. Because of some of the time differences, he will be in a position then to inform me of the outcome. I know the Attorney-General will be saying something a little later in question time regarding the investigation that is going on there. I think the House will be aware of some of the reports regarding the work of the Indonesians. I can only stress again that we need to work closely with Indonesia. It does not really serve our purposes, given that this crime occurred in another country, to be speculating publicly or in advance about the nature or quality of the Indonesian response.

I indicated yesterday some of the preliminary financial assistance given to the authorities in Bali. It included medical consumables—bandages and medicines for burns victims—and a cash grant to help replenish medical supplies. I might also mention that, in the first 48 hours, we also flew in two pallets of Defence medical stores, 300 kilograms of medical supplies from a civilian company and aeromedical evacuation supplies. This included IV fluids, analgesic medicines, bandages and blood. The government continues to work with Australian medical organisations to meet the demands of the hospitals in Bali.

I might say that always in the memory of those who have been touched by this tragedy will be the response of an overloaded inadequate medical system in Bali. It is very much in my mind and the mind of the government that something significant and more permanent should be done not only as a memorial to the people who have died but also as a gesture of gratitude from the Australian government for the way in which, despite the enormous shortcomings of the medical system in Bali—through no fault of their own—the Indonesians tried in a wonderful way to respond on Saturday night and Sunday. I will be having something more to say about that

later on—not now, but later on. I think something more significant and tangible should be done, and it will be done, to recognise our debt as a nation and also as individuals touched by this for what they have done.

Can I also mention to the House that, since last question time, I have had a number of other calls. I had a very thoughtful call from the Secretary-General of the United Nations, Kofi Annan, and also from the President of South Africa. In addition to the message of sympathy from Her Majesty The Queen, I have received a message from His Royal Highness the Prince of Wales saying, 'I have been deeply shocked by the reports of the terrorist outrage in Bali in which so many young Australians have been killed.' He joins his two sons in expressing their grief and their anguish.

The SPEAKER—Before I recognise the member for Petrie, I report to the House that I, too, have had messages of support addressed from the Speaker of the Tongan parliament to me as Speaker of the Australian parliament. Messages of condolence and support have been passed on to the people of Australia and to the members of the parliament.

Indonesia: Terrorist Attacks

Ms GAMBARO (2.15 p.m.)—My question is addressed to the Prime Minister. What can the Prime Minister tell the House regarding intelligence reports received by the government prior to the Bali bombing on 12 October?

Mr HOWARD—I thank the member for Petrie. As I told the House on Monday, the intelligence available to the government highlighted the general threat environment but at no time was specific about Saturday night's attack in Bali. Today the official spokesman for the American Department of State has confirmed that the United States had no specific information of a planned bombing in Bali. As the House will know, many general warnings of possible terrorist attacks in Indonesia have been made. For instance, the Department of Foreign Affairs and Trade's travel advice regarding Indone-

sia has, for some time, warned inter alia in the following terms:

Bombs have been exploded periodically in Jakarta and elsewhere in the past, including areas frequented by tourists. Further explosions may be attempted.

I have been informed by the relevant intelligence agencies that the only possibly relevant reference to Bali in recent intelligence reporting was its inclusion, along with a number of other tourist and cultural locations across Indonesia, for possible terrorist activity against United States tourists. This intelligence was assessed by agencies and the view was formed by them that no alteration in the threat assessment level—then at a high—applying to Indonesia was warranted.

The Director-General of the Office of National Assessments, Mr Kim Jones, has specifically informed me that the intelligence agencies have searched their records to establish whether there was any information that warned of the bomb attack in Bali on 12 October. He has said that although there was a body of information from numerous sources that pointed to a terrorist presence and threat throughout Indonesia, no material that specifically warned of the attack in Bali was identified. Nevertheless, and given the magnitude of what has occurred, I will ask the Inspector-General of Intelligence and Security to assess all of the relevant intelligence material and report to me on his findings. This request to the inspector-general does not connote any want of confidence by me in the work of our intelligence agencies.

Indonesia: Terrorist Attacks

Ms PLIBERSEK (2.18 p.m.)—My question is to the Minister representing the Minister for Health and Ageing and follows on from a question to him yesterday about the availability of counselling for trauma and shock in the immediate aftermath of the Bali terrorist attack. Can the minister advise the House what steps the government is taking to ensure that counselling for trauma, shock and grief is being offered in Bali to those Australians who are there to identify the bodies of loved ones?

Mr ANDREWS—I thank the honourable member for her question. I advise her and the

House that around 80 officers in total of Australian government agencies have now arrived in Bali to assist with a range of activities, some of which have been outlined in considerable detail by the Prime Minister. There is also a provision there to provide counselling and any further assistance which the authorities in Bali may require in this regard.

With your indulgence, Mr Speaker, may I add in relation to a question concerning counselling in Australia which the honourable member for Lingjari asked me about yesterday, that I am advised that state and territory health authorities have also put in place comprehensive mental health and counselling programs and there is a range of organisations providing these services. Those 1800 numbers will be made available through a variety of ways, including the web site of the Department of Health and Ageing, for those who wish to make use of it. I am sure that all honourable members are aware of the services provided through Lifeline, for example, and similar organisations which are funded in part by the Commonwealth government. The Commonwealth has also made it known to the states and territories that, if there is any further assistance required beyond what they say they are coping with at the present time, they should come back to us in that regard.

Indonesia: Terrorist Attacks

Mr CHARLES (2.20 p.m.)—My question is to the Treasurer. Would the Treasurer please advise the House how members of the Australian public can make donations to assist the victims of the Bali bombing and their families.

Mr COSTELLO—I thank the honourable member for La Trobe for his question. There are many Australians who have been looking for ways in which they can show tangible support for the victims of the Bali bombing and their families. They have been looking for a vehicle by which they can practically help those who are in need. Today the Australian Red Cross is launching an Australia-wide appeal to help the victims and their families. As a humanitarian relief organisation, Red Cross is already providing support to victims in a number of ways—with blood and blood products, registration

h blood and blood products, registration of evacuees, coordination of accommodation and personal support. Through the Bali appeal, the Australian Red Cross will help alleviate the loss suffered by victims who have been injured, who have lost close family members or who will suffer sustained physical and emotional trauma.

It is important that the funds raised are directed to where there is the greatest need and where other sources of funds and support are lacking. The Red Cross will liaise with government agencies to determine the areas of greatest need. Donations can be made in either of two categories: to assist Australian victims and their families or to assist the Red Cross to continue their work in providing relief and addressing medical supplies in the affected areas in Bali. The Red Cross advise that they will spend 90 per cent of donations on providing direct assistance to the victims and that residual funds will be used to recover administrative costs, in accordance with the Australian Council for Overseas Aid code of conduct and Australian Taxation Office rules.

Under Australian tax law, the Australian Red Cross Society is considered to be a deductible gift recipient, which means that gifts or donations of \$2 or more to the Red Cross are deductible for income tax purposes. The Commonwealth will be making a contribution of \$1 million to the appeal. Donations can be made online at the Australian Red Cross web site, by mail, by telephone or at any branch of the National Australia Bank.

Indonesia: Terrorist Attacks

Ms JACKSON (2.22 p.m.)—My question is to the Minister representing the Minister for Health and Ageing, and it concerns the ongoing treatment in our nation's hospitals of the very serious burn injuries sustained by victims of the Bali terrorist attack, including the outstanding work of the Royal Perth Hospital burns unit in my own state of Western Australia. Minister, is there any basis for the concerns expressed overnight that the injuries suffered in Bali have exhausted supplies of artificial skin used to treat badly burned patients? What steps is the government taking to ensure that appropriate medi-

cal supplies for the treatment of serious burns victims are available?

Mr ANDREWS—I thank the honourable member for Hasluck for her question and her obvious concern in relation to this matter. I am aware of the demand for skin and burns treatment products for victims of the Bali bombings. The Department of Health and Ageing has been liaising with the state and territory chief health officers to continually assess the demand for skin and burns treatment products for the victims of the bombings.

The most important product in this regard is TransCyte, which is marketed in Australia by the company Smith and Nephew. This is used as a temporary cover to reduce fluid loss and to prevent infection for a sufficient time for the patient to be grafted with their own skin. A further shipment of TransCyte was in fact brought into Australia just last night to deal with this situation. The advice from the Therapeutic Goods Administration prior to question time today was that they believe that there is sufficient product now available in Australia. However, they are continuing to assess the capacity to bring in further supplies to meet additional need if that arises—for example, if patients of other nationalities were brought into Australia. I assure the honourable member and the House that these matters are being looked at carefully and that I am advised there is no cause for concern at the present time; but we will continue to monitor this and to ensure that there is a sufficient amount of the product available.

Indonesia: Terrorist Attacks

Mr DUTTON (2.25 p.m.)—My question is addressed to the Attorney-General. Would the Attorney-General inform the House of the progress of investigations into the sickening terrorist attack in Bali?

Mr WILLIAMS—I thank the member for Dickson for his question. At this very moment, the Minister for Foreign Affairs and the Minister for Justice and Customs are engaged in discussions in Indonesia on a range of subjects, including of course the investigation of what occurred. We have reason to believe that those discussions are proceeding

positively and we look forward to the ministers' full report in due course.

As I mentioned yesterday, the criminal investigation into the bomb blasts in Bali has begun and is continuing as a matter of the most urgent priority. The AFP and ASIO are continuing to work closely with Indonesian authorities in assisting them with the criminal investigation. There are currently 48 AFP, ASIO and state and territory police officers in Bali assisting the Indonesian National Police with the many aspects of the investigation. In addition, I am advised that there are personnel from at least four other countries in Bali assisting the investigation team. I am advised that the make-up of the team is constantly changing, as the operational needs dictate the skill sets required at various stages of the investigation. As I informed the House yesterday, this group currently includes forensic specialists, crime scene investigation officers, specialist victim identification officers, post bomb blast investigators, intelligence officers and general investigators and support staff.

I note that there have been media reports claiming that a particular sort of explosive was used in the blasts. My advice is that no official report has been made on this and that analysis is still being conducted. As the House can appreciate, it would not be appropriate in any event to be discussing particulars relating to evidentiary matters. There have been other reports suggesting that the Indonesian National Police are to interview Abu Bakar Bashir among others. Again, it would not be appropriate to speculate on who may or may not be interviewed by the INP. This is an operational matter within their jurisdiction. It is expected that a large number of people will be interviewed by the authorities in the course of the investigation.

Teams of federal agents have been speaking to passengers as they arrive at Australian airports from Bali to debrief them and to identify potential witnesses to the incidents. State and territory police have also been assisting with this task. It is expected that the total number of people returning from Bali and having contact with the police will be in the thousands. Already approximately 5,800 questionnaires distributed to returning pas-

sengers have been received. The vast amount of information obtained through this process is being collated in conjunction with many other sources of information. The number of inquiries resulting from the process will be extensive and will take time and resources to pursue. The AFP is coordinating those inquiries and pursuing all possible leads.

This is a massive task and, on behalf the government, I express my heartfelt thanks to the AFP officers. I also thank the public and those returning from Bali in such traumatic circumstances for their cooperation and the assistance they are providing to the authorities. I would also like to acknowledge the huge public response to requests for information made through the media, the immediate and continuing response from the medical sector as well as the collaborative response from Australia's law enforcement agencies—Commonwealth, state and territory.

The AFP is continuing to seek from visitors to Bali any videos or photographs taken in Bali which could potentially contain evidence beneficial to the investigation. If any member of the public discovers he or she has relevant material, they can call Crime Stoppers on 1800 333 000 to pass these on to the AFP. The AFP's international network is also working closely with host country authorities to obtain information from travellers that may assist with the investigation. In addition to the on-the-ground investigations, a forensic major incident coordination centre is being established in Canberra to provide forensic support to the investigation.

While it remains too early to say who may have been ultimately responsible for the bomb blasts, the team in Bali backed up by AFP resources in Australia, the AFP's overseas liaison officer network along with state and territory police will be working around the clock to bring the perpetrators to justice.

Indonesia: Terrorist Attacks

Mr HATTON (2.31 p.m.)—My question is to the Minister representing the Minister for Family and Community Services. It follows the question yesterday on the provision of financial assistance to victims of the terrorist attack in Bali. Minister, in light of re-

ports today that as many as one-third of Australian travellers to Bali may not have adequate travel insurance to cover losses, has the government given further consideration to the criteria for disaster payment relief? Is the minister aware that simple legislative amendments could be made to ensure that the payment may be extended to victims who suffered disaster outside Australia rather than within Australia as is currently the case? Will the government favourably consider such amendments?

Mr ANTHONY—I would like to thank the honourable member for his question and follow up on that question and, indeed, the question yesterday, by outlining what Centrelink is doing for victims of the Bali bombing and the families and relatives that are associated with them.

The first point is that Centrelink will be streamlining access to payments for victims of the Bali disaster, particularly eligibility for mainstream payments. Our first priority, of course, is to those who are injured and who may be eligible for sickness allowance. Likewise, the next priority is to partners and dependants of people injured, deceased or missing and, again, looking at how we can speed up the eligibility for parenting payment, family tax benefit or even Newstart. Clearly, the priority as well is to see how we can speed up payments, whether they are bereavement payments and bereavement allowance, for the partners of those who are confirmed dead. Likewise, we will be looking at the eligibility criteria for people who are caring for dependants of people who are injured, deceased or missing.

We intend to process those claims as quickly as possible. People can contact Centrelink—those forms can be partially filled out—and we can try to get a payment to them as quickly as possible. Likewise, we can expedite payments to be made automatically through electronic transfer. Where people may not be eligible for a Centrelink payment, an avenue exists through a special benefit payment, which in the short-term might alleviate some of the concerns that you have just raised. Indeed, that can be facilitated very quickly and the circumstances of that can be resolved later on. These are the

measures that Centrelink is putting in place at the moment—along with a number of counselling services—to assist victims, families and dependants. Regarding the insurance and travel insurance area, of course the government is open to looking at those specific requests.

Indonesia: Terrorist Attacks

Dr WASHER (2.34 p.m.)—My question is addressed to the Minister for Trade representing the Minister for Foreign Affairs. Would the minister update the House on government efforts to assist Australian victims of the terrorist attacks in Bali and their families?

Mr VAILE—I thank the honourable member for his question. The government is continuing to provide extensive consular assistance to Australian victims of this atrocity and their families. The Prime Minister announced yesterday that the government would pay the entire cost of repatriation back to Australia of the remains of people killed and for any Australians needing to go to Bali to assist with identification. Information available indicates that about 40 family representatives have gone to Bali to assist in that process. I can also inform the House that the government will pay air fares and accommodation costs to enable family members to be reunited with their loved ones injured in Bali and recovering in hospitals in Australia.

To date the crisis centre here in Canberra—the helpline—has received about 19,200 calls, providing advice and guidance to concerned Australian citizens. I informed the House yesterday that about 200 Australians were unaccounted for at that stage. Since then, we have been able to account for 60 of those 200, so that the figure now stands at 140 unaccounted for. Department of Foreign Affairs and Trade staff continue to work to reconcile all cases reported to us by families with information available in Bali and from other sources. Resolving the number of unaccounted for Australians remains a key priority. We have completed the process of recontacting families in Australia who have family members currently unaccounted for. Mr Speaker, I ask families that have received

information that their relatives are safe and well to please contact the DFAT helpline on 1800 002 214. It will help us enormously in the process of working through those numbers of people who are still unaccounted for. To repeat, if families have information that their relatives are safe and well, please contact the helpline to assist in resolving those unresolved cases.

It should also be noted that the Department of Foreign Affairs and Trade is keeping its travel advisory for Indonesia under constant review. Australians are currently being advised to defer all travel to Bali until further notice and to defer all non-essential travel to Indonesia.

Indonesia: Terrorist Attacks

Mr CREAN (2.37 p.m.)—My question is to the Prime Minister and it relates to a front page report in today's *Sydney Morning Herald*, in which it is alleged:

The Central Intelligence Agency issued an intelligence report listing Bali among possible targets of a pending terrorist attack just two weeks before the weekend's devastating Kuta bomb blast ...

I ask the Prime Minister: can you confirm that the government received the intelligence report referred to in this article and, if so, when?

Mr HOWARD—The answer that I gave to a question from the member for Petrie was relevant to the question asked by the Leader of the Opposition. I do not know that there is a great deal that I can add. The Leader of the Opposition will know that under the intelligence arrangement we have with the United States we do share intelligence—there has been no breakdown of that arrangement. If the Leader of the Opposition analyses my answer, he will see that the question he asked has been dealt with.

Indonesia: Terrorist Attacks

Mr RANDALL (2.39 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister inform the House what the government is doing to ensure that people affected by the bombings in Bali are not left with out-of-pocket expenses? What steps has the insur-

ance industry taken to extend insurance cover to Australian travellers?

Mr HOCKEY—I thank the member for his question. I can inform the House of a number of developments in relation to insurance. Where individuals have taken out travel insurance, they should look at the contract and discuss with their insurer the extent of the coverage provided. For example, some credit card companies that provide travel insurance may have existing arrangements in place that provide full coverage for acts of terrorism. However, some newer travel insurance policies may have specifically excluded acts of terrorism. Following discussions between the Insurance Council of Australia and the government, the ICA has advised us that all major travel insurers have indicated that they will be covering the costs of medical and repatriation expenses of the victims of the Bali terrorist attack—that is, notwithstanding the specific exclusion of terrorism in the policy. The insurers have also indicated that they will provide coverage for the personal effects of those directly involved.

However, for many affected individuals, travel insurance does not cover the cost of travel cancellations. Accordingly, we have spoken with the Australian Federation of Travel, who have indicated that various travel wholesalers, travel agents and airlines are providing refunds for travel and accommodation already booked but not yet taken. Qantas, Garuda and Singapore Airlines have said passengers will not pay a penalty for amending, deferring or cancelling travel to Bali for the month of October in the course of the travel warning, which the minister referred to a little earlier. In addition, Qantas, Venture Holidays and Viva Holidays have all announced that they will not impose penalties on customers due to travel to Bali before late October who decide to cancel or defer their holidays. In addition, Creative Holidays, Bali Bound Holidays, travel.com.au, Asian Explore Holidays, Bali Tours and Intrepid Travel have also all abolished cancellation penalties. We advise travellers to contact their travel agent to confirm the special arrangements they are making for cancellations.

I can further advise the House that this morning private health insurers in Australia have announced that they will provide health insurance coverage to their members as if the terrorist attack in Bali had occurred within Australia. In addition, if travel insurance, travel industry refunds and the actions today of the private health insurers do not provide an appropriate safety net, the government is currently working on guidelines to ensure that Australians injured by the attack in Bali are not left out of pocket because of medical or evacuation expenses that are not covered by insurance. Such a scheme will also relate to meeting the uninsured costs of repatriating those Australians who lost their lives.

There will be many who did not take out travel insurance. That may particularly be the case with some of the younger travellers. The government's scheme will ensure that those injured people without insurance will not be out of pocket because of their medical or evacuation expenses. We are grateful for the response from the travel related companies and the insurance industry, and we will continue to monitor and address events as they unfold.

Indonesia: Terrorist Attacks

Mr CREAN (2.43 p.m.)—Mr Speaker, my question is again to the Prime Minister. I note his earlier answer and answers given over previous days in which he indicated that his government had received no specific advice in relation to the terrorist attack on Bali. Prime Minister, I ask you again: did your government receive the intelligence report referred to in this morning's *Sydney Morning Herald* in which it is said that Bali was listed among targets two weeks before the attack?

Mr HOWARD—I refer the Leader of the Opposition to the section of the answer that I gave to the member for Petrie in which I said:

I have been informed by the relevant intelligence agencies that the only possibly relevant reference to Bali in recent intelligence reporting was its inclusion, along with a number of other tourist and cultural locations across Indonesia, for possible terrorist activity against United States tourists.

For reasons of sensitivity to sources, the leader will understand why I cannot go fur-

ther into the detail of that, but I am very happy to make this raw intelligence available to the Leader of the Opposition on a confidential basis, for reasons which I am sure he will understand.

Indonesia: Terrorist Attacks

Mr PEARCE (2.44 p.m.)—My question is addressed to the Minister for Ageing, representing the Minister for Health and Ageing. Would the minister update the House on the efforts of the Australian government to provide medical support to the victims of last weekend's terrorist attack in Bali and their families?

Mr ANDREWS—I thank the honourable member for Aston for his question. Since the beginning of this crisis the Commonwealth's Acting Chief Medical Officer, Dr John McEwen, has been in regular contact with state and territory health departments, which has been a reason why we have been able to deliver—I believe—a successful nationally coordinated response through the emergency health system to this crisis. As indicated earlier to the House in other answers, evacuation of all known critically injured people has been completed and all departures from Bali are now by commercial means. The RAAF C130 aircraft have been running shuttle services to transfer patients from Darwin to other Australian centres, this being coordinated through Defence in conjunction with the Department of Health and Ageing and Emergency Management Australia. The four medivac teams have also been sent to Darwin and so far some 49 seriously injured patients have been transported to major hospitals in other states—for the information of the House: six to Adelaide, 11 to Brisbane, eight to Melbourne, 12 to Perth and 12 to Sydney. Seven injured people remain in Darwin Hospital and 12 injured foreign nationals have been evacuated to Australia, including at least five who are seriously injured.

I also indicate to the House that the Private Hospitals Association in conjunction with Catholic Health Australia and Mayne Health Australia have also indicated their readiness to assist victims from Australia, Indonesia or elsewhere. In fact, the Darwin

Private Hospital has already taken patients from the Royal Darwin Hospital, and we are grateful for this additional assistance.

I have provided the House with some information in relation to other questions about burns and skin grafts and also counselling services. Adding to what I said to the member for Sydney earlier in relation to counselling, counselling services are being provided to relatives of victims by four Australian Defence Force chaplains, two psychologists and one trauma counsellor at the registration centre in the consulate in Bali and also at the morgue. These services will be supplemented as necessary in future days. The consulate in Bali is also in the process of establishing support services to assist Australian and other volunteers who have come to the assistance of victims following the explosion. The Australian government has also offered to fly Indonesian and Balinese victims to Australia for care if required and the Jakarta Embassy is closely monitoring this situation.

The Prime Minister referred earlier to the provision of \$200,000 in cash to the Indonesian Red Cross and also \$100,000 in relation to medical consumables. I am also aware that Australian doctors are travelling to Bali to provide care for Balinese victims and that Senator Patterson has asked senior officers to consult with their state and territory counterparts to ensure these initiatives are effectively coordinated so that we can deliver the greatest benefit through these voluntary efforts. In conjunction with the Australian Quarantine Inspection Service, the Department of Health and Ageing and the Department of Foreign Affairs and Trade have put in place arrangements to waive the normal requirement for a death certificate to accompany a body being brought into Australia, an action that hopefully in some way will help some of the grieving families.

I finally report that Senator Patterson has personally spoken to state and territory health ministers to thank them and the officials and officers of their various departments for their efforts—our doctors, nurses and all those others in the health system who have responded so magnificently to this very difficult and tragic situation.

Indonesia: Terrorist Attacks

Mr RUDD (2.49 p.m.)—My question is to the Minister representing the Minister for Foreign Affairs. Minister, would it be possible for you later today to table for the information of the parliament Department of Foreign Affairs and Trade travel advisories on Indonesia, including Bali, for the period 10 September 2001 until 12 October 2002? Minister, would it also be possible for you to table later today or tomorrow travel advisories on Indonesia, including Bali, for the same period as issued by the governments of the United States, the UK and Canada?

Mr VAILE—The travel advisories that are made available are made available publicly on the Internet but we can certainly make those available if that is the request of the shadow spokesman.

Indonesia: Terrorist Attacks

Mr TICEHURST (2.50 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of any implications for the workplace relations area arising from the Bali tragedy?

Mr ABBOTT—I thank the member for Dobell for his question. I can inform the House that all Australian workers compensation systems are ready to handle any workers compensation claims arising from the Bali tragedy expeditiously and sympathetically. I can also inform the House that the National Occupational Health and Safety Commission is meeting today and it will be considering some workplace relations ramifications of the Bali tragedy at the Commonwealth's instigation. I can also inform the House that today the Australian Chamber of Commerce and Industry, Australia's peak employer body, has issued the following statement:

Flexibility in working arrangements, appropriate leave and counselling have been provided in the past, and will again be important in affected workplaces.

These types of matters are usually best handled by the good sense and judgment of Australian citizens. I would like to congratulate the Australian Chamber of Commerce and Industry for its prompt and speedy

advice and guidance to Australian employers. I should point out that on Friday I will be addressing the national council of Australian business. I will be telling employer representatives at that meeting that they should be extending all reasonable assistance and every sympathetic consideration to affected employees at a time such as this.

Indonesia: Terrorist Attacks

Mr PRICE (2.52 p.m.)—My question is to the Attorney-General. Attorney, has the government considered offering a reward for the capture of the criminals responsible for the terrorist attack in Bali?

Mr WILLIAMS—I can provide a very simple answer to that question: the matter is under consideration at this very moment.

Indonesia: Terrorist Attacks

Mr JOHNSON (2.53 p.m.)—My question is to the Minister for Science. Is the minister aware of any actions that have been taken by telecommunications companies to help alleviate costs incurred by families that are affected by the terrorist attacks in Bali?

Mr McGAURAN—I thank the member for Ryan for his question. The government has been in contact with a number of the major telecommunications carriers and they have reacted compassionately to the plight of victims of the tragedy and their families in an effort to relieve financial cost or burden, both in regard to the immediate events surrounding the attack in Bali as well as the hospitalisation of the injured and maimed.

Optus will waive all charges for fixed line calls from Australia to Bali for a week-long period starting midnight Saturday, October 12; will waive all international charges for calls from an Optus mobile to any number in Bali during this period; will waive charges for calls from an Optus mobile where the Optus customer was in Bali during this period; and will waive bills to customers who died in the tragedy. Optus has provided a number of mobile handsets and prepaid calling cards to the Darwin Hospital for use by victims and their families. Optus will work with government to put further such arrangements in place to provide assistance in relation to telephone calls between hospi-

talised victims of the tragedy and their immediate family.

Telstra, for all Australian immediate families who have been affected by loss of life or injury, will waive for a period of one month from the date of the disaster—after which the situation will be reviewed on the basis of continued hospitalisation—all fixed and mobile telecommunications costs, including calling, fax and Internet charges incurred for local, national and international communications in connection with the disaster. This would include, for example, international fixed and mobile calls to Bali from any Australian location and between various Australian staging locations. Telstra will also waive outstanding personal phone bills of the deceased victims. For all those Australian non-government not-for-profit organisations which are assisting victims and their immediate families who have been affected by loss of life or injury arising out of the disaster, Telstra will waive, for a period of one month from the date of the disaster, all fixed and mobile telecommunications costs, including calling, fax and Internet charges incurred for local, national and international communications. I should add that Telstra has today donated \$100,000 to the Australian Red Cross Bali appeal.

Vodafone will waive any outstanding personal phone bills of deceased victims and also will waive those additional phone costs incurred by the injured or their immediate families for calls between each other while the injured are hospitalised in Australia. Finally, Vodafone will waive the costs of any international call charges incurred by victims and their families for calls between Australia and Bali from the time of the bombing to the time the victim returned to Australia.

These finer details will be announced by each of these carriers in a short while, including a contact number that customers affected can call and seek further information and assistance. The government—and indeed the parliament—welcomes these initiatives by the carriers involved. I am sure other carriers whom we have yet to contact will join in providing support to the victims of the terrorist attack and their families.

Economy: Debt Management

Mr McMULLAN (2.56 p.m.)—My question is to the Treasurer. Treasurer, can you confirm that at least eight Commonwealth government currency swap contracts matured between 1 July 2001 and 22 February 2002, and that each of these contracts entailed a realised loss? On what basis, therefore, did you assert on 22 February this year:

I am saying that there are no realised losses.

Again I quote:

... no loss has been realised.

And again I quote:

... he says that there has been a loss. There has not.

Treasurer, when did Treasury first advise you that losses had been realised? Treasurer, on receiving that advice, what action did you take to correct the public record as required by the ministerial code of conduct?

Mr COSTELLO—Earlier this year, the Australian Labor Party claimed that there had been a \$5 billion loss, which was false, as I made clear in the statements. Subsequently, on 4 March I released an extensive statement and did a full press conference, where I set out the material details in relation to the management of the Commonwealth's debt portfolio. Management of the Commonwealth's debt portfolio began using currency swaps in 1988, which amount to the same thing as borrowing in a foreign currency. They were entered into by the Labor Party in 1988 so that the Treasurer of the day could claim that he was not borrowing in foreign currencies but that he was borrowing in Australian currency and swapping it for foreign currency.

From 1988, an \$80 billion build-up in debt met with a 15 per cent benchmark—a huge build-up in foreign currency exposure. It was not until 1997, with the beginning of the repayment of Labor debt, that the currency exposure was reduced. This government is determined to repay Labor's debt, including the foreign currency exposure. As a consequence—as I indicated in my statement on 4 March and in debates subsequently—the Commonwealth will manage that down to zero over the period of maturities, with some

maturities not due to expire until 2008. In relation to individual transactions, they vary according to the maturity date and the currency at a particular time. Since some of them are not going to mature until 2008, it is impossible to give an overall outcome of the program.

For accrual purposes, we value the stock as at 30 June each year. It had a write-down as at 30 June 2001 of approximately \$1.9 billion, and a write-up in the last financial year of \$1.2 billion. Whilst the Labor Party showed a great deal of interest in the write-down at 30 June 2001, the Labor Party apparently shows no interest in the write-up on 30 June 2002. If it were being consistent, it would have been referring to it in the material which it was referring to today and the material which it was passing to the *Bulletin*.

Mr Howard—Mr Speaker, I ask that further questions be placed on the *Notice Paper*.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.00 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings* and I move:

That the House take note of the following papers:

Australian Customs Service—Australian Customs Service—Annual Report 2001-02—section 17(2) of the Customs Administration Act 1985. (26 September 2002/26 September 2002)

Department of Communications, Information Technology and the Arts—Australia Post—Equal Employment Opportunity Report 2001-2002—section 9(3)(b) of the Equal Employment Opportunity (Commonwealth Authorities) Act 1987. (3 October 2002/3 October 2002)

Department of Communications, Information Technology and the Arts—Telstra—Annual Review/Annual Report 2002—section 36 of the Commonwealth Authorities and Companies Act 1997. (10 October 2002/10 October 2002)

Department of Employment and Workplace Relations—Defence Force Remuneration Tribunal—Seventeenth Report 2001-02—section 89S of the Defence Act 1903. (9 October 2002/9 October 2002)

Department of Finance and Administration-Australian Industry Development Corporation-Annual Report 2002-section 9(3) of the Commonwealth Authorities and Companies Act 1997. (18 September 2002/19 September 2002)

Department of Health and Ageing-Medical Training Review Panel-Sixth Report-section 3GC(4) of the Health Insurance Act 1974. (27 September 2002/27 September 2002)

Department of Industry, Tourism and Resources-Joint Coal Board-Final Report July-December 2001-section 28N of the Coal Industry Act 1946. (2 September 2002/2 September 2002)

Department of Transport and Regional Services-Department of Transport and Regional Services-Annual Report 2001-02-section 63(1) of the Public Service Act 1999. (26 September 2002/29 September 2002)

Department of the Treasury-Royal Australian Mint-Annual Report 2001-2002-section 63 of the Public Service Act 1999. (6 September 2002/9 September 2002)

Department of the Treasury-Final Budget Outcome 2001-02-clause 18, part 2 of the Charter of Budget Honesty Act 1998.

Department of Veterans' Affairs-Repatriation Medical Authority-Eighth Annual Report 2001/2002. (21 August 2002/23 August 2002)

Reserve Bank of Australia-Reserve Bank of Australia-2002 Equity & Diversity Annual Report-section 9(3)(b) of the Equal Employment Opportunity (Commonwealth Authorities) Act 1987. (16 September 2002/17 September 2002)

Debate (on motion by **Mr Swan**) adjourned.

PERSONAL EXPLANATIONS

Dr NELSON (**Bradfield—Minister for Education, Science and Training**) (3.01 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the minister claim to have been misrepresented?

Dr NELSON—Yes.

The SPEAKER—The minister may proceed.

Dr NELSON—In summing up on the **Vocational Education and Training Funding Amendment Bill 2002**, I said that after 355 days as the minister I had not been asked a question by the Labor Party about training. In fact, it is 325 days.

The SPEAKER—The minister must indicate where he has been misrepresented. For the information of the minister and the House, what the minister has just sought to make was not a personal explanation. He may have sought to add to an answer but that would not have been appropriate either.

MATTERS OF PUBLIC IMPORTANCE

Economy: Foreign Currency Swaps

The SPEAKER—I have received a letter from the honourable member for Fraser proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The reported loss of \$1 billion last financial year from mismanagement of the foreign currency swaps program.

I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr McMULLAN (**Fraser**) (3.04 p.m.)—The foreign currency swaps program is a very important issue—definitely, by any measure, a matter of public importance. We have the evidence that the Commonwealth realised \$1 billion of losses in the last financial year. It is, I acknowledge, a difficult time to pursue it, because of the context of circumstances surrounding Bali. It is not a time for the sort of stridency and confrontation that issues such as this might normally find themselves discussed with, the sort of vigour that usually comes to debates such as this. But it is too big an issue to ignore. Put simply, there are three matters involved. In 2001-02, the banks got \$1 billion of the taxpayers' money and it is clear there will be some more losses this financial year. Let us hope it will be less, although it is not clear that that will be so. Secondly, the Treasurer said in February 2002 that there were no realised losses. It has always been clear that those statements were not true. It was always clear that that claim of the Treasurer in February 2002 was not true; it is now capable of being proved that it was not true. The third issue is that the matter was not disclosed as it properly should have been.

It is clear from today's answer that the Treasurer is very embarrassed about this matter and has no answer, because what were the questions today? First, a simple factual question: can you confirm that at least eight Commonwealth government currency swap contracts matured between 1 July 2001 and 22 February 2002, and that each of those contracts entailed a realised loss? It beggars belief that, even if the Treasurer did not know before this morning, nobody in the department has provided and nobody in the Treasurer's office has sought details as to whether the allegations in the *Bulletin* are true.

One part of the facts that would establish whether it is true is when the currency swaps matured during the course of that year. Information on the Office of Financial Management web site makes it clear that eight currency swaps matured between those dates and they all entailed a realised loss. What is the significance of that? It is twofold: one, the Treasurer lost a substantial amount of the Commonwealth's money; and, two, the Treasurer made statements on 22 February which were and are demonstrably untrue. But was there any response to that question in the Treasurer's answer? It was not even referred to.

The second part of the question was: on what basis, therefore, did you assert on three occasions on 22 February that there were no realised losses? There was no attempt to answer that question. At least we know why that was the case: there is no answer to that question. It was asserted on that occasion. It was demonstrably untrue at the time and it is now capable of being proven to be untrue. The third part of the question was: when did the Treasury first advise you, Treasurer, that losses had been realised? In other words, when was the Treasurer first advised that the answer he gave on 22 February—let us be generous—was in ignorance of the facts? Treasury are a very good department. They would not allow a minister to give a false answer in public without advising him of that. I have a very high regard for the Treasury. I know they would not do that. I wanted to know when the Treasury first advised the Treasurer that losses had been realised, but

there was no reference to that in the answer. We listened carefully. There were a lot of histrionics and there was a quick slip from cash budgeting back to accruals. In the budget the Treasurer abandoned the focus on accruals and wanted the outcome to be measured in cash. When we raised the question of the unrealised losses, he wanted to talk about cash and said there had been no realised losses. Now there have been realised losses, he tries to slip across to accruals and say, 'But on an accruals basis the losses are not as bad as they used to be.'

Did we get any answer as to when the Treasury first advised that losses had been realised? No—but here is your chance, Treasurer, to tell us. You can answer all those questions now. You can say whether there were eight Commonwealth government currency swap contracts that matured in that period. The officers in the advisers box over there will know the answer—just go and ask them. They will tell you that each of those entailed a realised loss. Those competent officers in the advisers box will know the answer. Go and ask them and then you can provide the answer.

The SPEAKER—The member for Fraser understands there is an obligation to address his remarks through the chair.

Mr McMULLAN—The Treasurer can walk over to the advisers box and the officers will tell him the answer. If he wants to advise the House, he will be able to do so. And then he will be able to tell us the basis upon which he asserted on 22 February that there were no realised losses. There are only two possible bases: one, he was ignorant of the facts at the time; or, two, he was aware of the facts and he deliberately did not tell the truth. They are the only two possible explanations. There is no third, because the web site of the Office of Financial Management makes it clear that eight contracts matured in that period and the currency exchange rate on the various dates makes it clear that all of them realised losses. On three occasions on 22 February the Treasurer said, 'I'm saying there are no realised losses ... no losses have been realised,' and he attacked the Leader of the Opposition saying, 'He says there's been a loss; there has not,' but there had been

eight in the period leading up to your statement. When you get up to speak, Treasurer, you can also tell us when Treasury first advised you that losses had been realised and then you can tell us why you have taken no action to correct the public record, as the ministerial code of conduct requires you to do because you have not.

We have those three serious allegations. What backs them up? What is the evidence that says there were realised losses when the Treasurer says there were not? It is not complicated; it was supplied by the Treasury. They were asked in budget estimates in June: How many individual cross-currency swap contracts matured in 2001-02?

In September they provided the advice that 14 matured in that period. They were also asked:

What was the notional value of those contracts in Australian and US dollars?

The notional value was: amount receivable—\$A1.7 billion; amount payable—\$US1.4 billion. Treasury were asked to provide the exchange rate for when the contracts matured, but they did not do so. They said that the spot exchange rates vary depending on the day each contract matured. That is a truism; everybody knows that. What we wanted to know were the dates when these matured. Had they given us that information, we could have determined the loss precisely. But what we can do is determine it within a known band, because we know the range within which the currency moved over that period. We know that the least amount that could have been lost was \$800 million; the most \$1.2 billion and, against the average, almost exactly \$1 billion—almost \$1 billion of taxpayers' money in the hands of the banks instead of the hands of the taxpayers. That is what we want an answer to. That is what the Australian people are entitled to an answer to, and it is what they have not got.

Treasury did not provide the exchange rate. It would be very interesting to find out why they did not. I would be really interested to know whether it was in the draft of the answer that went from Treasury to the Treasurer's office but somehow disappeared between there and the Senate. I do not know that but I would be interested to know, be-

cause it is not the sort of information that Treasury would usually fail to provide us with. It is perfectly legitimate public information. The exchange rate makes it clear that, under a best case scenario—where all the contracts matured at the highest exchange rate—the losses would have been \$800 million. It is that that we are chasing—as well as the fact that the Treasurer said there were no realised losses, when he knew, or should have known, that there were. It strains credibility all along that it could be the case that there were none by February but then all the rest must have happened between 22 February and 30 June. Since the Treasurer said there were no realised losses, he has had eight months to correct the record. He has had eight months to say, 'Yes, we realised losses; I was wrong,' and he has not done so. But now we can go further and establish that at least eight had matured and had realised losses prior to 22 February.

What we are looking for in the next 15 minutes, Treasurer, is an acknowledgment that those contracts matured and that there were realised losses. You can slip and slide from cash to accruals; you can slip and slide and say, 'If the world was different the result might have been different.' We want to know what are the facts. Were there realised losses in 2001-02? Were they somewhere between \$800 million and \$1.2 billion—probably about \$1 billion? Were they realised before 22 February? Why did you say there were none on 22 February? What is your answer to the question 'Why did you assert that there were none on that date?'

The SPEAKER—The member for Fraser!

Mr McMULLAN—And what is your answer to the question 'When did Treasury advise you of them and what did you do when you received that information?'

The SPEAKER—The member for Fraser!

Mr McMULLAN—There is one further and important point that will become more important over the weeks and months ahead. If a private company had realised losses of this sort, the Australian accounting standards would have required that private company to

reflect that financing transaction in their bottom line. Accounting standards for the public sector give the Commonwealth the option of reflecting it in the budget outcome or not. The Treasurer has not. It is not in the budget bottom line.

The Commonwealth has chosen not to disclose, and finding out the information about it is like drawing teeth. But the truth is slowly emerging. The Treasurer was slow to respond to changed circumstances with regard to interest rate differentials and the value of the Australian dollar in 1997, despite repeated warnings, most starkly from the Auditor-General. Now we see the outcome: \$1 billion of realised losses in 2001-02, and continuing losses. There will be more losses realised this year. We have not yet been able to get the detail of when contracts will mature this year, but we will pursue it and we will eventually get it. Then we will pursue the detail about the dates and then we will be able to establish the value of the losses.

The Treasurer knows now what losses have been realised this year. He knows what contracts have matured this year, and at what rate. He could tell us now what the losses were. But I will have a little bet with you that he does not.

Mr Crean—You don't think he'll put that in in the 15 minutes?

Mr McMULLAN—I doubt that in his 15 minutes he will find time for that valuable piece of information. There will be a lot of oratory. There will be a lot of slipping and sliding into accruals and back to cash. He will be trying to say, 'On an accruals basis—which I didn't like when you asked me the question before but which I've suddenly fallen in love with because I think it might suit my argument today—I'll give you an accruals basis. When you asked me before, I wanted to say, "On a cash basis there would be nothing realised." Now you are asking about what is realised, I want to slip over and talk about accruals.'

We want to ask these questions. First, what losses did you realise last financial year? When did you realise them? When did you know they had been realised? Why did

you say publicly they had not been realised? That is the bottom line. These are matters which are going to be pursued further. The Treasurer will be pursued, not just by us but by the Australian public whose money it is you have lost and to whom you have not told the truth about the outcome—the consequences—of your activities, the losses you have realised and the failure to properly account in the budget for these losses which you have realised. It is \$1 billion that you lost that could have been available to fund public services. We want to know when you are going to come clean on what happened in 2001-02, when you are going to tell us how many losses have been realised during the course of 2002-03 and when you are going to apologise for misleading the Australian people on 22 February. (*Time expired*)

The SPEAKER—Before I call the Treasurer, I politely point out to the member for Fraser that I will send him a copy of his speech with the references to 'you' highlighted and, in sympathy with the member for Perth, he might recognise the need to address remarks through the chair. The member for Perth indicated an awareness of my concern, but I chose not to interrupt the member for Fraser.

Mr COSTELLO (Higgins—Treasurer) (3.20 p.m.)—The member for Fraser began his speech by saying that it is difficult to address this issue in the wake of the terrorist outrage in Bali. He said that, as a consequence, he would not be worked up about the issue to the extent he might otherwise have been. Nonetheless, the record will show that, on the day when Australia's mind was focused on the Bali outrage, the Australian Labor Party—

Mr Snowden—Oh—

The SPEAKER—The member for Lingiari! I will deal very firmly with anyone who interrupts the Treasurer, given that the member for Fraser was heard in silence.

Mr Latham—He has a democratic responsibility.

The SPEAKER—The member for Werriwa is warned! The Treasurer has the call. The member for Fraser was heard in silence.

Mr COSTELLO—Mr Speaker, the record will show nonetheless that—

Mr Gavan O'Connor interjecting—

Mr COSTELLO—when the nation's focus was on Bali—

The SPEAKER—The member for Corio is also warned!

Mr COSTELLO—what the Labor Party thought was the matter of public importance in the country was an attempt to rewrite history to score a partisan advantage. That is what the record will show. The public should know this. It was up to the Labor Party to determine today what the matter of public importance was. They could have determined whether we had a debate on Bali, whether we had a debate on terrorism or whether we had a debate in this spot on the victims or what should be done. But the political issue—and the member for Fraser must take full responsibility for the fact that he thought it was the important political issue today—was the resurrection of this matter, which was fully debated in this country in February and March this year.

The member for Fraser says, 'We have to take up the issue because it was raised in the *Bulletin*. It is not really us, the Labor Party, that is taking up this issue. It was raised in the *Bulletin*.' That is his defence. And what is the answer to the matters that are raised in the *Bulletin*? The first point I make is that it was raised in the *Bulletin* because the Labor Party hawked the story to the *Bulletin*. It is rather disingenuous, after hawking the story to the *Bulletin*, after the *Bulletin* publishes your story, to come in and say, 'We have to raise this because the *Bulletin* has raised it.' You hawked the story to the *Bulletin* and then took it up as the matter for public importance today. Most of the points that the member for Fraser has sought to make were made when they hawked the story to the *Bulletin*. The other thing that I would like to point out of course is that, when he went out to do his doorstep, he made the same approach. He said, 'This is a very difficult time to pursue this very important issue.'

Mr McMullan—I didn't actually do a doorstep.

Mr COSTELLO—Okay, it was in committee room 1S3. He did not do a doorstep; he did a media interview in committee room 1S3. 'Anything such as a loss of a billion dollars of taxpayers' money,' which is reported in the *Bulletin* this morning, 'given the normal circumstances in any democracy would be the subject of very vigorous and robust scrutiny.' Again, he said it was raised in the *Bulletin*. It was not raised in the *Bulletin*. It was raised by the Labor Party, which gave it to the *Bulletin*. There is this idea that it was raised for the first time in the *Bulletin*. It was raised by the Labor Party, which hawked the story to the *Bulletin*.

So he does this interview saying, 'It is reported in the *Bulletin* this morning. We have to take it up.' How is that for disingenuousness? Why? Because, Mr Speaker, he thinks rightly that this is not a matter which is on the minds of the Australian public today. He knows that the Australian public today are thinking about Bali, but he cannot resist the opportunity, having had the story hawked to the *Bulletin*, to try to sound a partisan and false note in this debate. I think when people look back they will use this as a bit of a measure of the member for Fraser—a measure of what he considered to be important at a time like this. He also went on in committee room 1S3 to say:

In February and March—

and this is when all this arose—this is when I did a full press conference; this is when I put out a statement; this is when we debated it—

Mr McMullan interjecting—

The SPEAKER—The member for Fraser will extend the same courtesy to the Treasurer as was extended to him.

Mr COSTELLO—There is nothing that has happened in the last two days that has made this a matter of public importance. This was debated back in February and March. The questions on notice did not come out in the last two days. What happened in the last two days was that the Labor Party hawked the story to the *Bulletin*. That is what has happened in the last two days. So this was debated in February and March and he says, 'What did you say on 22 February?' I can come to that in a minute and I will. But

as I pointed out in question time, I put out a detailed statement on this on 4 March. I did a full press conference and gave a full explanation. Of course, he did not refer to any of that; he did not refer to that once.

So we go back to an issue which was debated fully in February and March of this year, we hawk it to the *Bulletin* and we raise it as a matter of public importance. There have been no new developments. This is the thing that really caught my eye, he said:

In February and March the opposition established that approximately \$5 billion of losses had occurred.

That is what he said this morning. But in his speech he said there was \$800 million. Either the \$5 billion has shrunk by 80 per cent between this morning and this afternoon, or he falsely claimed that it was \$5 billion in February.

Mr McMullan—You don't even believe that. You can't be that stupid.

Mr COSTELLO—Here it is. I will table his own transcript, Mr Speaker. He said:

The Australian Labor Party established approximately \$5 billion of losses had occurred on currency swaps since 1997.

He said that this morning.

Mr McMullan—Correct.

Mr COSTELLO—That is correct. And there is another \$800 million this afternoon, so it is now \$5.8 billion, is it?

The SPEAKER—The Treasurer will address his remarks through the chair.

Mr COSTELLO—Mr Speaker, when you ask him, 'Is it now \$5.8 billion?' He says, 'No, it is not \$5.8. It was \$5 billion.' Now there is another \$800 million. So in my calculation it must be \$5.8 billion. Alternatively, the \$5 billion was false and it is \$800 million, in which case it has just deteriorated by 80 per cent. The \$5 billion figure was an accrual figure from peak to trough of the valuation of stock. That is the point I made at the time. It was a valuation figure from peak to trough in retrospect trying to find the difference in the valuation of the Commonwealth government stock from peak to trough of daily currency movements over the last five years I suppose.

It would be like saying—and we could say the same thing—that the Commonwealth shareholding in Telstra from peak to trough has fallen \$30 billion. Has the Commonwealth made a loss of \$30 billion on Telstra? Because the difference in valuation of the Commonwealth shares from peak to trough is \$30 billion. I am expecting the Labor Party to come in shortly and say there has been a \$30 billion loss on Telstra. I would be very happy actually to take that because the Labor Party of course prevented the offering of equity when telecommunications stocks were more valuable than they are today. So it could presumably, on that basis, take responsibility for a \$30 billion loss. Why are we mucking around here with claims of \$5 billion? Let us get on with this methodology in other areas. We could say there has been a \$30 billion loss, because that is the difference from peak to trough, in retrospect, of the valuation of Telstra shares, which they opposed offering when the Telstra share was valued at considerably more than it is today.

So let us put all of that to one side. I think it has been clearly exposed as false and in fact, as I pointed out today, if you want to use the methodology that you used this morning, the accrual valuation of stock actually rose in the last financial year. You were very interested in the valuation of stock when it fell—hence the \$5 billion figure—but you do not seem to be so interested in the accrual valuation of stock as it rises, because if that were the case, and as is reported, incidentally, it would be showing a gain.

Now, let me come to that point too, because I notice that this was a point that the member for Fraser made. It was also made in the *Bulletin*. The claim is made that somehow this is not reported. Under accrual accounting, foreign exchange losses and gains are reported. They are reported in the budget. I do not know why you make that claim—and, what is more, having made the claim, make it to the *Bulletin*, which repeats it—but, under accrual accounting, foreign exchange losses and gains are reported. So that is completely false again. Under the IMF government finance statistics, which show working cash, they are not.

Mr McMullan—Slipping and sliding.

Mr COSTELLO—No. You are slipping and sliding, Member for Fraser, because this morning you were working on \$5 billion worth of losses—

Mr Cox—How much have you lost, Pete?

Mr COSTELLO—Five billion dollars, when, in fact, that was false—

Mr McMullan—How much have you lost?

The SPEAKER—The member for Fraser! If I have to deal with him again, I will warn him. It would not be unprecedented. He has brought on the MPI; he might like to be here to debate it.

Mr COSTELLO—and, if you want to work on that basis, you would be talking about a gain. The second point that he makes is that it is not reported when it is reported. So again he is misleading the House in saying that it was not reported. I guess that is the danger in the *Bulletin* relying on the claim, because the *Bulletin* also repeats that claim.

Let us come to the substance of the way in which the Commonwealth manages its debt stock. Under this government, the Commonwealth has not borrowed, so the debt we are talking about is Labor Party debt. In particular, it is Labor Party debt which was built up to \$96 billion. Let me make the obvious point: if the Labor Party had not built up debt to \$96 billion, there would have been no currency swap; there would have been no debt. It is Labor Party debt that we are talking about.

Secondly, it is the Labor Party policy we are talking about—that is, the entry into currency swaps, which was instituted by the Labor Party. Thirdly, some of these swaps that are now maturing were swaps entered into when the member for Fraser was a Treasury minister. They are 10-year swaps taken out in 1991-92, when I believe the member for Fraser was a Treasury minister. So he does not tell you that Labor ran up the debt; that Labor decided to put 15 per cent into cross-currency swaps. He is the Treasury minister that enters it in, and then the argument is: why are you not better at cleaning up our mess quicker? Essentially that is the allegation that the member for Fraser makes today: ‘Why aren’t you better

at cleaning up our mess quicker? We ran up the debt. We decided on the 15 per cent. I was even the minister that entered into some of them.’

Mr McMullan—That is entirely untrue!

Mr COSTELLO—Well, you were the Assistant Treasurer back in 1991-92.

Mr McMullan—That is entirely untrue!

Mr COSTELLO—Were you the Assistant Treasurer back in 1991-92?

The SPEAKER—The Treasurer will address his remarks through the chair.

Mr McMullan—No.

Mr COSTELLO—All right. Well, whenever he was, they were being entered into.

The SPEAKER—The Treasurer will address his remarks through the chair.

Mr COSTELLO—They were being entered. You were an assistant treasurer!

Mr McMullan interjecting—

The SPEAKER—I warn the member for Fraser!

Mr COSTELLO—He was an assistant treasurer. If you were an assistant treasurer from any period since 1988, they were being entered into. He says never! All right, we will go back and have a look at the period that he was. But he says never, for the sake of the record.

We have now reduced Labor’s debt from \$96 billion to \$36 billion. If there had not been a debt retirement going on, nobody would have been coming out of cross-currency swaps. We could stay in cross-currency swaps if we were not repaying debt, but we are repaying debt. Because we are repaying debt, we are coming out of cross-currency swaps on a program which has been determined by the Australian Office of Financial Management, in agreement with the Treasury together with the Reserve Bank of Australia.

As the currency moves from day to day, from week to week, from month to month, from year to year, that is taken into account in the cross-currency swap and there is no way you can avoid it. Unless you want to go back to the future and try and get a list of where the currency is going to be every day

between now and 2008, you cannot do it. So what this government has done is put in place a predetermined agreement between the Australian Office of Financial Management, the Treasury and the RBA which will reduce all cross-currency debt. There will be some gains; there will be some losses. The valuation changes from day to day, and we report it from year to year. Some years, when the exchange rate is down, there will be a write-off; when the exchange rate comes up, it will be revalued upwards.

That is the nature of a cross-currency swap—a policy that was put in place by the Labor Party and repeatedly reaffirmed, which we are now bringing to an end. We are bringing it to an end because we are repaying debt and, if we were not, it would not be occurring. So it is rather disingenuous to stand here and to say that their policies, which we are now winding down, are somehow our responsibility. We are winding them down because we are repaying debt; if it had been up to the Labor Party, that would never have occurred. (*Time expired*)

Mr LATHAM (Werriwa) (3.35 p.m.)—The Treasurer spent a good part of his time talking about the public record. The public record will show that the Treasurer is a coward. The Treasurer today has tried to hide behind the tragedy in Bali to avoid his democratic responsibility to this parliament to give an open and full account of the extent—

The SPEAKER—The member for Werriwa will withdraw that remark. He will withdraw the reference to the Treasurer, which would have been deemed unparliamentary at any time.

Mr LATHAM—Okay, I will withdraw. But the parliament and its record will show that the Treasurer tried to hide behind the tragedy in Bali to avoid his democratic responsibility to explain the full extent of these currency swap losses. He said that the Australian people today are thinking about the tragedy in Bali. That is most certainly true. But the Australian people today are also dropping their kids off at schools and hoping and praying that they get the best funded education they can at those schools. The Australian people today are using our public

hospital system and hoping that it is going to be fully funded and resourced by the federal government.

The Australian people today, it is true enough, are thinking about the tragic events in Bali, but they are also using basic services and looking to the financial efficiency of the Commonwealth to give them the best opportunity in life. I give the members opposite this one guarantee: if you ask anyone in your electorate today, ‘Do you think it is a matter of public importance that the Commonwealth Treasurer has realised losses of \$1 billion?’, they will say yes.

Mr Pearce—They’re not interested.

Mr LATHAM—I heard the member opposite disgracefully say that they are not interested. Well, they are. They are interested in basic services. They are interested in the schooling of their children. They are interested in the quality of our public hospitals. They are interested in the basic services that give them basic freedoms and opportunities in life. I believe that the Treasurer has insulted the Australian people today by saying that they are not interested in any of those matters. The Treasurer has insulted the Australian people by saying that they have no concern for the loss of \$1 billion.

Here goes the coward now, scurrying out of the parliament. This is what you call ‘dog gone’—someone who will not face up to his responsibilities and the full extent of this debate. The evidence is in. The jury has delivered its verdict: the dog was asleep on the porch. The dog was asleep on the porch, and he has lost at least \$1 billion in currency swaps. A billion has been realised with more to come.

The one thing you did not hear from the Treasurer today was that he did not lose \$1 billion; he did not realise a \$1 billion loss in currency swaps. The Treasurer is damned not so much by what he had to say; he is damned by omission. He is damned by his silence. He is damned for his failure to answer the member for Fraser and to address the substance of these allegations in the matter of public importance. He has not said for a moment that he has not realised and lost \$1 billion in currency swaps. He was fast asleep

while at least \$1 billion was lost on his watch—\$1,000 million of realised losses.

Quite frankly, Australia and its people cannot afford this type of mismanagement and incompetence. Australia cannot afford a Treasurer who gambles with our money and loses at least \$1 billion. It is a very sad thing: this is only the first instalment. There has been \$1 billion realised in currency swap losses—that happened in the last financial year—but there is another \$4 billion of unrealised losses still out there. This is only the first episode in the 'Fiscal Nightmare on Costello Street'. This is only the first episode in the sorry story of at least \$1 billion in losses, with possibly \$4 billion still to come. The other sad thing is that it is not the gambler who is going to be hurt; it is not Mr Costello personally who is going to be hurt by his mismanagement and incompetence through gambling with other people's money. And that is the sad truth of it—he has been gambling with other people's money; he has been gambling with taxpayers' money.

The Treasurer's mistake is this: he wants the pain to be felt by old age pensioners paying more at the chemist. That is why he is trying to slash \$300 million out of the PBS. He is not going to take personal responsibility for the loss of the \$1 billion; he wants old age pensioners to pay for it in increased prices at their local chemist. The Treasurer is not going to pay for his mistake personally. No, he is also trying to push that onto disabled people in Australia; he is trying to take away \$250 million of their income support in another budget cut to cover up for his \$1 billion loss. He is also going to force Australian home buyers to pay. He is not going to pay personally for the \$1 billion mistake; he is forcing that \$1 billion to be made up by running a higher budget deficit and having higher interest rates and higher mortgage commitments for Australian home buyers. Most of all, he is imposing a higher burden on Australian taxpayers.

This answers one of the mysteries that we have had in Australia in recent times. I have heard this question asked by a lot of people: 'If the Australian economy is so strong, why am I paying so much in tax?' That is what

people in the streets and suburbs of our nation are saying—'If the Australian economy is so strong, why am I paying so much in tax?' This is the highest taxing government in Australian history. It is collecting more than 25 per cent GDP in Commonwealth taxes. The \$1 billion loss in currency swaps that we have before us today is the answer to the question that people have been asking. If the economy is so strong, why are people paying so much in tax? Because the Treasurer is such an incompetent financial manager; he is such an incompetent financial fool that he has lost \$1 billion in currency swaps, with more to come.

The other problem with this Treasurer is that he has never seen a tax he has not liked. He has introduced the GST, a gun tax, a milk tax, a sugar tax, a ticket tax, and there is talk of a war tax and a tourism tax. What the Australian people need—this is the one tax they need—is a wake-up-the-dog tax! They need a tax to wake up this Treasurer, to get him on the job and do something about his appalling financial incompetence and mismanagement. It is not only incompetence, it is not only the \$1 billion loss with more to come; it is also the deceitful way in which he has tried to cover up this whole scandal, this whole sad story. Like all gamblers, he is hoping the problem will just go away. Like all gamblers, he is hoping that one more bet will get him out of jail, one more bet will get him out of the financial problems that he has brought upon this nation.

Last year there were 14 currency swaps that matured, each realising losses; and in the last financial year up to February, there were at least eight currency swaps. So the Treasurer must know the truth of what has happened. It is no mystery for him to find out the exchange rate and the interest rate differential between Australia and the United States on a certain date. He must know—and I would contend that he knew back in February and March, when he misled the Australian people. I refer to his doorstep interview in Hobart on 22 February, when he said:

I'm saying that there are no realised losses; no loss has been realised. He's wrong on two counts. One, he says there has been a loss. There has not.

Then he repeated that sort of statement at a press conference on Monday, 4 March. Now the Treasurer wants us to believe a fantasy. Even though he is the Treasurer of the Commonwealth, even though up to February and March of this year eight currency swaps matured on his watch, he wants us to believe the fanciful notion that, as at February and March this year, he did not know the extent of the realised losses. That is, he received no advice from the Office of Financial Management, no advice from his department. His department was not willing to give him the simple arithmetic of the exchange rates and the interest rate differentials on particular dates of currency swap maturity. It is just absolutely unbelievable. No sensible person, no-one who knows basic economics, arithmetic and ministerial responsibility would believe this for a moment.

Rather than mislead the parliament, the Treasurer is damned by his silence. He will not come in here and give a simple assertion to the House that the losses never took place, that the losses were never realised. So he is not fulfilling his proper ministerial responsibility and, in fact, he has breached the government's ministerial code of conduct. I want to alert honourable members to this thing called the ministerial code of conduct. We have not heard of it for a while. It is sort of like the mad uncle up in the government's attic.

Mr Gavan O'Connor—Does it still exist?

Mr LATHAM—They know that it is up there, but they really do not want to talk about it.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I remind the member for Corio that he has already been warned.

Mr LATHAM—Let me just read from its second paragraph. It states:

Ministers must be honest in their public dealings and should not intentionally mislead the Parliament or the public. Any misconception caused inadvertently should be corrected at the earliest opportunity.

There was a misconception—in fact, a mistruth—that was put out by the Treasurer in February and March. And here we are,

seven and eight months later, with absolutely no correction of the truth, no correction of the public record having been made. Instead there has been his lousy excuse in wanting to hide today behind the tragedy in Bali and insult the Australian people by saying that they have no interest in this supreme matter of public importance: the loss of \$1 billion of public money—money that should be going into basic services and opportunities in this nation. The truth is that he is not fit to be Treasurer. The truth is that the Prime Minister is too scared to leave the country behind in the management of this fool. The Treasurer is incompetent. He has mismanaged the Commonwealth's finances, he has not told the truth, he has broken the ministerial code of conduct—and he should be thoroughly condemned by this parliament.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (3.44 p.m.)—What an amazing performance by the member for Werriwa. Once again the member for Werriwa is deliberately economical with the truth. Once again the member for Werriwa seeks to rewrite history. Once again the member for Werriwa is so far off the mark, so far removed from reality, that one has to wonder why he has a place on the current opposition front bench.

I want to return firstly to a denial made by the member for Fraser. He said in response to a remark made by the Treasurer that he was not a Treasury minister at the time in question. I want to draw the attention of the House to the *Parliamentary Handbook*, page 179, under 'Ministerial Appointments':

Parliamentary Secretary to the Treasurer from 4.4.90 to 24.3.93.

We are talking about a time when these currency swaps were entered into by Treasury ministers in the Labor government. The member for Fraser, the person who comes into the chamber and accuses the Treasurer of having less than perfect credibility, is someone who, as a Treasury minister at that time, bears partial responsibility for the policy which could at times see some losses.

We inherited this policy; we did not create this policy. The Treasurer, being a very sound economic manager, looked very care-

fully at the policy and he terminated it. If Labor had not built up debt to a massive \$96 billion, we would not have had currency swaps of the level we have had. The only reason that we do find the opposition in the position that they are to seek to criticise the government is that we are paying back Labor debt. The coalition government have not borrowed. We did not create the debt. We inherited a massive debt which mortgaged the future of generations of Australians, yet we were prepared to accept the responsibility to pay it back.

At a time when the nation is focused on the tragic events to our north, the parliament over the last couple of days have, in my view, looked very carefully at the tragedy which has occurred and we have reacted, representing as we do the Australian nation, to what is one of the greatest challenges we have ever faced in our history. The loss of so many young Australians, so many innocent Australians, meant that it was appropriate that as elected representatives we should set aside the ordinary cut and thrust of politics. We ought to rise to the occasion. I was proud to be an Australian and proud to be a member of this parliament on Monday and Tuesday of this week. We had a question time yesterday but it was a truncated question time. It was a question time when people did not seek to score points; it was a question time where information was sought on the loved ones of so many Australians.

One would have thought that the sentiment of unity and pulling together nationally would have survived into Wednesday. When I looked at the matter of public importance proposed by the member for Fraser, I quite frankly could not believe what I saw. How on earth could any opposition seek to indulge in shoddy partisan politics at a time when as a nation we should be pulling together? How on earth could they reintroduce so prematurely this cut and thrust of politics at a time of national mourning? I am outraged that the opposition have done that, but I am even more than outraged; I am ashamed. I am ashamed that people in this parliament have sought to bring this debate before this place at this time.

When this debate was had in March, the Treasurer clearly explained the situation. The government have been prepared to pay back \$60 billion of Labor's \$96 billion debt, leaving only \$36 billion. We are accused of being less than sound economic managers, yet we have reduced Labor's debt and we are on track to eliminate Labor's debt. We did not create the problem but we were prepared to accept the responsibility for fixing it. Instead of those opposite saying that they got it wrong during their 13 years—they did not have any sense of economic or fiscal responsibility but they appreciated what this government were prepared to do—we find that at this time of national tragedy, this time of national mourning, the ALP simply want in a hypocritical way to criticise the fact that the government have been prepared to pick up the problem we inherited from them and, what is more, we have been prepared to fix it.

The genesis of the policy of currency swaps goes back a number of years. It goes back all the way to 1988, when then Treasurer Keating wanted to say he was not borrowing in foreign currencies. So what they did was to borrow in Australian currency and then have an element of currency swap. There were some advantages for a while but, when it became apparent that the system was not working as originally planned, the Treasurer and this government grasped the nettle and terminated the arrangement. The exposure to currency swaps grew to the level that we have seen because of the irresponsible way the Australian Labor Party managed the economy during their years in office.

The coalition began repaying Labor debt in 1997-98, reducing exposure and as a consequence helping to reduce interest rate differentials. I repeat this figure because we are very proud of it: we have now reduced Labor's net debt to \$36 billion. No swaps to increase US exposure were entered into after February 1999. The policy was suspended in December 2000 and from September 2001 the stock has been run down in accordance with a timetable pre-agreed among the Australian Office of Financial Management, the Treasury and the Reserve Bank of Australia with the aim of eliminating foreign currency

swaps altogether. The last cross-currency swap matures in 2008. So it was very interesting to listen to the member for Fraser and quite bizarre to listen to the member for Werriwa when they spoke about these maturing currency swaps. But at the end of the day, when you take away the life of a particular transaction, namely five to 10 years, it is very clear that many of the currency swaps in question were those introduced during the period when the member for Fraser was part of the ministry team for the Treasury portfolio.

The valuation of the Australian Office of Financial Management's US exposure moves from day to day and, as the Treasurer pointed out both in question time and during his speech, in the last financial year the valuation of the stock showed a gain of \$1.2 billion. The volatility has been reduced by the coalition's policy of paying down Australian debt. The Treasurer also referred to the value of Telstra shares and how you could have a variation from peak to trough of over \$30 billion—but nobody of course would suggest that the government, through its Telstra shares, has lost \$30 billion.

We find this Labor Party absolutely morally bankrupt as far as their approach to economic policy is concerned, and my submission is that by prematurely discussing this matter, which has already been completely, fully and totally dealt with, they are not sensing the mood of the Australian people—which is somber and sorrowful, because we are a nation in mourning. If I had to choose between the veracity and financial competence of the Treasurer and that of any person who filled any portfolio on the Treasury side during those 13 dark years of Labor government, I would vote for the Treasurer any day of the week. This Treasurer has been prepared to grasp the financial nettle, to inherit the basket case that was the Australian economy when we were elected to office, to make tough decisions about the future of this country and to repay debt. I have had an absolute gutful of Labor people coming in here, huffing and puffing, being hypocritical and failing to accept responsibility for their gross financial incompetence over 13 years. It required the election of the Howard govern-

ment for the nation's economic fortunes to be restored to good health. (*Time expired*)

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! The discussion is concluded.

BILLS RETURNED FROM THE SENATE

The following bill was returned from the Senate without amendment or request:

Petroleum (Submerged Lands) Amendment Bill 2002

TORRES STRAIT FISHERIES AMENDMENT BILL 2002

First Reading

Bill received from the Senate, and read a first time.

Ordered that the second reading be made an order of the day for the next sitting.

BILLS REFERRED TO MAIN COMMITTEE

Mr LLOYD (Robertson) (3.55 p.m.)—by leave—I move:

That the following bill be referred to the Main Committee for consideration:

Family and Community Services Legislation Amendment (Budget Initiatives and Other Measures) Bill 2002

Question agreed to.

MEMBERS OF PARLIAMENT (LIFE GOLD PASS) BILL 2002

Consideration of Senate Message

Bill returned from the Senate with a requested amendment.

Ordered that the requested amendment be considered at a later hour this day.

ABORIGINAL LAND RIGHTS (NORTHERN TERRITORY) AMENDMENT BILL 2002

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (3.57 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**EXCISE LAWS AMENDMENT BILL
(No. 1) 2002**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (3.58 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**EXCISE TARIFF AMENDMENT BILL
(No. 2) 2002**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (3.59 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**NEW BUSINESS TAX SYSTEM
(CONSOLIDATION AND OTHER
MEASURES) BILL (No. 1) 2002**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.00 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**NEW BUSINESS TAX SYSTEM
(FRANKING DEFICIT TAX)
AMENDMENT BILL 2002**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.00 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**WORKPLACE RELATIONS
AMENDMENT (GENUINE
BARGAINING) BILL 2002**

Consideration of Senate Message

Consideration resumed from 25 September.

Senate's amendments—

- (1) Clause 2, page 2 (table item 3), omit the table item.
- (2) Schedule 1, item 1, page 3 (line 7) to page 4 (line 2), omit the item.
- (3) Schedule 1, page 4 (after line 2), after item 1, insert:

1AA After subsection 170MW(2)

Insert:

Note: The issue of whether or not a negotiating party is genuinely trying to reach agreement with the other negotiating parties was considered by Justice

Munro in *Australian Industry Group v Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union*, Print T1982.

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

1B After subsection 170MW(2)

Insert:

- (2B) Genuinely trying to reach agreement includes bargaining in good faith.

- (5) Schedule 1, page 4 (after line 2), after item 1, insert:

1C After subsection 170MW(2)

Insert:

- (2C) In considering whether or not a negotiating party has met or is meeting its obligations to genuinely try to reach an agreement with the other negotiating parties, the Commission must consider whether or not the party has bargained or is bargaining in good faith. Bargaining in good faith includes:

- (a) agreeing to meet face-to-face at reasonable times proposed by another party;
- (b) attending meetings that the party has agreed to attend;
- (c) complying with negotiating procedures agreed to by the parties;
- (d) disclosing relevant information, subject to appropriate undertakings as to confidentiality, for the purposes of negotiations;
- (e) stating a position on matters at issue, and explaining that position;
- (f) considering and responding to proposals made by another negotiating party;
- (g) adhering to commitments given to another negotiating party or parties in respect of meetings and responses to matters raised during negotiations;
- (h) dedicating sufficient resources and personnel to ensure genuine bargaining;
- (i) not capriciously adding or withdrawing items for negotiation;
- (j) not refusing or failing to negotiate with one or more of the parties;

- (k) in or in connection with the negotiations, not refusing or failing to negotiate with a person who is entitled under this Part to represent an employee, or with a person who is a representative chosen by a negotiating party to represent it in the negotiations;

- (l) in or in connection with the negotiations, not bargaining with, attempting to bargain with or making offers to persons other than another negotiating party, about matters which are the subject of the negotiations;

- (m) any other matters which the Commission considers relevant.

- (6) Schedule 1, item 2, page 5 (line 29), omit "or the Minister".

- (7) Schedule 2, page 7 (line 2) to page 8 (line 19), omit the Schedule.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (4.01 p.m.)—Mr Speaker, I would like to indicate to the House that the government proposes that amendments Nos 1, 2, 3, 6 and 7 be agreed to, and that amendments Nos 4 and 5 be disagreed to. I suggest, therefore, that it may suit the convenience of the House first to consider amendments Nos 1, 2, 3, 6 and 7 and when those amendments have been disposed of to consider amendments Nos 4 and 5.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Is the House in agreement?

Mr McClelland—Yes.

Mr ABBOTT—I move:

That Senate amendments Nos. 1, 2, 3, 6 and 7 be agreed to.

The **Workplace Relations Amendment (Genuine Bargaining) Bill 2002** sought to do three things essentially. Firstly, it sought to give the Industrial Relations Commission the power to order cooling off periods when disputes were proving to be intractable and parties were digging trenches of disagreement and occupying them needlessly. Secondly, it sought to give the commission greater guidance in determining when parties were engaging in genuine bargaining. In particular, it sought to give legislative form to the reasons

of Justice Munro in the Campaign 2000 case. Thirdly, it sought to enable the commission to terminate pattern bargaining campaigns more easily and to prevent the reinstatement of pattern bargaining campaigns.

A number of amendments were moved in the Senate. The effect of those amendments is to provide a weaker form of legislative reference to the Munro reasoning. The amendments also remove from the bill the cooling off period provisions. Nevertheless, even as amended in the ways the government is prepared to support, the bill is a significant reform. It would make the workplace relation system somewhat more user friendly. As Minister for Employment and Workplace Relations, my approach generally speaking is to accept worthwhile changes even when they do not go as far as the government would wish and to pursue other changes on another day and in another form. On that basis, I am prepared to accept Senate amendments Nos 1, 2, 3, 6 and 7, a little reluctantly perhaps. Nevertheless, in the interest of going forward, in the interest of getting what worthwhile reform the Senate is prepared to accept, I am prepared to cooperate and I am prepared to accept those amendments.

Mr McCLELLAND (Barton) (4.04 p.m.)—The opposition welcomes the fact that the government has accepted those amendments to the [Workplace Relations Amendment \(Genuine Bargaining\) Bill 2002](#) moved in the Senate by both the Labor opposition and the Democrats. The reference to the decision of Justice Munro in the Australian Industry Group v Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union case is something that the Labor Party supported in both Houses. Indeed, we moved for that reference initially in this House. We think the reference to that decision is a means of providing legislative guidance to the commission for a more flexible and more realistic approach to what constitutes genuine bargaining than what we argued was a quite ham-fisted approach adopted in the government's original proposal.

I take the opportunity at this stage—but perhaps it would be more relevant in respect

of the ensuing motion to be moved by the minister—to say that we regret that we have not been able to agree to terms for restoring a concept of empowering the commission to direct parties to bargain in good faith. Without verballing any employer or employer organisation, I think it is something they also believe should be in the act. Currently as framed, enterprise bargaining in Australia is really quite primitive. It is still essentially based on the law of the jungle where, on the one hand, industrial organisations, trade unions, exercise such muscle as they can gather in the form of industrial action or, on the other hand, the employer uses their economic might and, in worst case scenarios, there is the power of the lockout. We have seen that exercised to no avail in the United States in a very significant dispute involving the waterfront.

Without making a judgment as to who is right in respect of that particular dispute, we have heard, after the protracted nature of that dispute and the impact it had on the United States economy—not to mention the impact it potentially had on exporters from Australia—a cry for the government there to intervene in what was clearly a manifestation of the law of the jungle. There was a calling for the government to establish arbitration procedures to guide the resolution of the dispute.

In summary, we believe the act can be made far more sophisticated than it currently is in terms of empowering the commission to direct parties to bargain in good faith. That is something quite separate and distinct from a proposition advocating that the commission prescribe the actual outcome or impose the terms and conditions of employment on workers. That is not something that we are advocating. We are still advocating the pre-eminence of the bargaining process, indeed the enterprise bargaining process, but one which is far more sophisticated, we believe, than currently exists in the legislation. Having made those points, we too are prepared to accept constructive amendments. We believe the amendments moved in the Senate are constructive and will improve the operation of the current legislation at least to some degree.

Question agreed to.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (4.08 p.m.)—I move:

That Senate amendments (4) and (5) be disagreed to.

I listened, as always, with interest to the member for Barton. As I have done previously, let me again commend the member for Barton on the good sense and moderation which he habitually brings to these matters. I realise that being workplace relations shadow minister is not always easy in a party where everyone is an expert on workplace relations.

Mr McClelland—I make no admission.

Mr ABBOTT—I do not labour under quite the same difficulty. Let me make just a few comments about the role of the commission. We sought as a government to give the commission significantly more power. We sought to give the commission a power to order cooling-off periods, in addition to its existing powers under section 170 of the act to suspend or terminate bargaining periods. We believe this is important if the commission's role as an umpire, as opposed to a player, in the game of workplace relations is to be protected and even enhanced. The commission has a very important role as an umpire, but being an umpire is quite different from being a micromanager of workplace relations—being a guide and shepherd, as it were, at every step of the path. The problem with the good faith bargaining amendments as moved in the Senate by the Democrats and the opposition is that they give an overly intrusive role to the commission. They take us back in some way to what I regard as the old days of industrial relations or workplace relations in this country—days which even the former government recognised in 1993 should be the past. It is very important that we do not go back to the old days, and it is very important that we continue to leave parties in the workplace with the chief responsibility for managing their own affairs. It is only when they have manifestly demonstrated that things have come to an impasse that the commission should step in. The commission should then step in nearly al-

ways to tell them to have another go rather than to tell them exactly and precisely what they should do.

In the end, we are only going to have a first world, first-class economy if people in our workplaces are prepared to take responsibility, if people in our workplaces are free under the rule of law to do what they think is in their best interests and if they are able to have a first-hand relationship with each other. That is what we sought to do with the cooling off provisions. That is not what these good faith bargaining amendments will bring about, so that is why we believe as a government that they should not be agreed to. As I said, the good faith bargaining provisions inserted in this bill by the Senate are overly intrusive. I think they reflect a continued preoccupation on the part of opposition parties in the Senate with workplace deals with third parties rather than workplace deals between the parties themselves in the workplace. For that reason, I think they should be disagreed to.

Mr McCLELLAND (Barton) (4.12 p.m.)—Obviously, we would prefer that the government also accepted these amendments. Having said that, we will not stand in the way of this legislation being passed by voting against the amendments here today. We in the opposition are often accused of being restricted, blinded or blinkered by ideology. With respect to the government on this point, we think they are blinded by ideology in the sense of quite obsessively wanting to restrict the role of the commission. We think that the commission has considerable expertise and can provide great assistance in the resolution of disputes.

Our concern with the cooling-off period as prescribed by the government is substantially in the context where the commission is without powers to direct, assist, progress or give appropriate orders and directions as to how the negotiating process should transpire. There have been instances where the commission has got around the inadequacy of powers. For instance, the air traffic controllers dispute was resolved originally as a result of the relevant commissioner accepting from both parties a commitment to engage in what could loosely be described as a pro-

gram for good faith bargaining—a program of regular meetings and the exchange of and response to views.

That was a sensible outcome. It achieved it by way of recommendations to the parties to accept that as a sensible way forward. That is to be contrasted, however, with what we say is a ham-fisted approach, where the commission literally tips out the union or—less frequently but sometimes—the employer from their initiation of the bargaining period by suspending the bargaining period, thereby exposing them to all the consequences of tort law actions and other remedies, such as section 127 injunctions and the like. While tipping them out, there was no corresponding empowerment of the commission to ensure that the other party—for argument's sake the employer—would not continue on what may well have been an aggressive campaign on their part to, for instance, sign up employees to individual workplace agreements.

The government may say that individual workplace agreements are desirable and that it would be a good thing if they were being promoted by the employer. But, from the point of view of commonsense and of resolution of a dispute, it clearly is not a good thing if one of the parties has their hands and feet tied together as a result of being tipped out of the protected action period and the other party is not similarly constrained or obliged to maintain the status quo pending the progress of further negotiations.

In summary, we believe that in the government's approach—which we call an ideological obsession with restricting the powers of the commission—was a vacuum behind the first step of suspending the bargaining period. In other words, there was nothing in place to preserve the status quo while people sat down around the table and tried to sort out the issues in dispute. That is why we say that, as a result of those ideological constraints, we do not have the best collective bargaining system possible. We believe you could have a collective bargaining system if the commission were empowered to give such orders and directions as were necessary for the parties to engage in a program of negotiating in good faith. Our amendments were designed to achieve that.

Having said that, because of the points I made previously, these amendments are at least some improvement on the process and we will not stand in the way of the passage of the legislation as a result of the government not accepting these amendments of the Senate.

Question agreed to.

Mr ABBOTT (Warringah—Leader of the House) (4.17 p.m.)—I present the reasons for the House disagreeing to Senate amendments Nos 4 and 5, and I move:

That the reasons be adopted.

Question agreed to.

INSPECTOR-GENERAL OF TAXATION BILL 2002

Second Reading

Debate resumed from 19 September, on motion by **Mr Costello**:

That this bill be now read a second time.

Mr COX (Kingston) (4.18 p.m.)—Before question time, I was talking about the second fundamental flaw of the **Inspector-General of Taxation Bill 2002**: the Inspector-General of Taxation's lack of independence. The Inspector-General of Taxation will be required to report directly to the minister, and the minister will then have discretion as to whether to release the report or table it in parliament. There is no requirement for the minister to make the report publicly available. It should be noted that the government ignored the Board of Taxation's recommendation that the inspector-general be able to publish its reports. The inspector-general's lack of power to publish its reports is seen by industry bodies as a fundamental flaw.

In addition, there is the issue of setting the inspector-general's work program. Under clause 9, when setting its work program, the inspector-general is required to comply with a direction by the minister to conduct a review. Industry groups have expressed concern that the minister would monopolise the inspector-general's resources, leaving the inspector with few resources to pursue the problems that industry has identified. There is a risk that the inspector-general could be used by the government to pursue matters in

the government's interest at the expense of issues in the public interest.

In his advice to the Board of Taxation, Professor McMillan notes that:

... it is probable that the Inspector-General would develop a much closer working relationship with the Commissioner of Taxation and the Treasury Ministers, but that could equally be perceived from the outside as a weakness rather than a strength.

The intertwined relationship between the inspector-general and the Treasury ministers is a major weakness. The inspector-general is not independent; it takes its direction from the minister and reports back to the minister.

In addition to the fundamental flaws of duplication of function and lack of independence, there are other concerns. Concerns have been raised over clause 25, which gives the ATO and its officials an opportunity to make a submission in relation to a report of the inspector-general which is critical of the ATO. Industry has expressed concern that this provision may slow down the reporting process and suggests that the ATO be required to make submissions within a reasonable time frame. There is also a concern that no appropriation has been made for litigation. In any conflict between the ATO and the inspector-general, the ATO would only have to litigate to prevent the inspector-general pursuing the matter.

If Senator Coonan were serious about tackling systemic issues in tax administration, she would give the tax ombudsman the resources required to do the job. Instead, Senator Coonan is asking this parliament to spend \$2 million of taxpayers' money on overheads for a new, under-resourced office. Labor will not support the creation of another layer of bureaucracy. We want the Tax Ombudsman to be given the resources necessary to do the job.

The duplication and waste of resources the bill proposes is another example of the Howard government's lack of fiscal discipline. Their attitude is: if you have a problem, put out a press release; spend \$2 million or \$3 million to buy a headline in the paper the next morning and look like you are doing something about it. With 30 ministers with two or three problems each, at \$2 million or

\$3 million for each problem, very quickly you are talking real money. After seven budgets, the pattern is clear: the Howard government's response to every bump in the political or economic road is to loosen fiscal policy. Last week at the Menzies lecture, the Treasurer-elect, Mr Downer—

Dr Emerson—God help us!

Mr COX—God help us indeed! Mr Downer, in advocating his philosophy on economic policy, said:

Sound fiscal and monetary policy means two things.

It means, on balance, spending no more than you earn and reducing the cost of owning money by limiting government borrowing.

It is sound advice from Mr Downer. Perhaps he should enlighten his colleague the Treasurer. Mr Costello has presided over a \$1.3 billion deficit in 2001-02 in spite of economic growth of four per cent. That is after 11 years of almost continuous economic growth. The Howard government are spending more than they earn.

However, they are not only spending more; they are taxing more. Peter Costello has raised taxes by almost two per cent of GDP since the Liberals came to office. Mr Costello denies that taxes have been raised. He says that GST should not be counted as a federal tax, but both the IMF and the ABS count GST as a federal tax. In the budget papers, however, Mr Costello counts it as a state tax. In doing so, how much is he hiding? He is reporting taxes of 21 per cent of GDP; in point of fact, taxes are 24.9 per cent of GDP. The difference is \$29 billion of Commonwealth tax that the Treasurer is not reporting.

This is not the only instance where Peter Costello has tried to sweeten the budget bottom line with questionable accounting practices. Today Labor revealed that Peter Costello had lost close to \$1 billion dollars on currency swaps, and yet again these losses were not reported in the budget bottom line. In the *Bulletin* Laurie Oakes asks:

... if such a loss is not picked up by the budget papers, how can they possibly be regarded as an accurate depiction of the government's financial position?

It is a good question, Laurie, and the answer is this: the budget is not an accurate depiction of the government's financial position. Peter Costello—with one eye on the prime ministership—is trying to be seen as a Treasurer who cuts taxes and delivers surpluses.

However, no sleight of hand by Peter Costello can hide the fact that he has delivered additional taxes and levies, a \$1.3 billion deficit and today booked a billion-dollar loss on currency swaps. He was asleep at the roulette wheel when gambling with taxpayers' money. It is time that the Treasurer reread the Charter of Budget Honesty and reminded himself of its purpose: to facilitate public scrutiny of fiscal policy. The Treasurer seems to have lost his copy. Labor will oppose this bill and with it the \$2 million of totally wasteful new policy in the Treasurer's own portfolio.

Mr RANDALL (Canning) (4.25 p.m.)—It is my pleasure this afternoon to speak on the bill before us today, the [Inspector-General of Taxation Bill 2002](#). We are all aware that this bill has come before the House as a resolution of the government in the 39th Parliament because of some grave concerns about the operation of the Australian Taxation Office, its sensitivities in working with the public in general and the interface between the tax office and complaints, et cetera. The coalition made an election promise in the statement 'Securing Australia's Prosperity' made by the Prime Minister. The Prime Minister announced that the following series of problems within key areas of taxation administration would be addressed.

Mr Cox—Is this about mass marketed tax schemes?

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Kingston has been called to order on a number of occasions, I think, and I will deal with him if I have to.

Mr RANDALL—Before I continue, it must be remembered that the member for Kingston is the only speaker from the Labor side on this bill today. It demonstrates the lack of interest of the Labor Party in the

proper scrutiny of taxation matters. The fact that he only spoke for a few minutes on this bill shows their complete disregard for this bill. The opposition spokesman should be hanging his head in shame because he is abrogating his responsibility as the opposition spokesman on this matter. He can be as loud as he likes, but he is a disgrace when it comes to representing his portfolio on this matter.

The DEPUTY SPEAKER—I would ask the member for Canning not to excite the member for Kingston; he has been warned.

Mr RANDALL—He looks an excitable sort of person! The fact is that in the 39th Parliament a number of issues before the Australian Taxation Office caused great angst in the community—to taxpayers specifically and businesses in general. They included such things as the administration of the mass marketed schemes by the Australian Taxation Office. It is no wonder that, today, three of the speakers on this bill from the government side are from Western Australia, where some of the largest problems occurred in relation to mass marketed tax schemes.

Dr Emerson—The home of tax avoidance: the West Australian Liberal Party.

The DEPUTY SPEAKER—Order! The member for Rankin!

Mr RANDALL—In relation to that interjection: the snide comments by the Leader of the Opposition, Mr Crean, about people involved in mass marketed schemes and some of the inferences he has made about their integrity in being involved in these schemes have not gone unnoticed by people in Western Australia. Even the Prime Minister brought him to attention over his choice of words recently when describing people involved in mass marketed schemes. It has not gone down well with these people that it is being implied that they were tax cheats. The large proportion of them were honest investors. For example, a couple came to my electorate office. They were very low-income earners. The husband was a gardener at a school and the wife was a cleaner. They had invested in half a unit of lemongrass and half a unit of Budplan. They had actually

borrowed money to get into it—can you believe it? As a result, they ended up with a taxation liability of something like \$12,000, which they could not afford.

These are the sorts of ramifications that the Australian Taxation Office caused by their disregard in relation to mass marketed schemes and the effect they had on the general populace in my state and my electorate. If nothing else, before the last election I had more representations as a candidate on mass marketed schemes than on any other issue; it just shows the extent to which this was causing problems. This had to be addressed, and more power to the Prime Minister in that he addressed it by initiating this interface which is the Inspector-General of Taxation.

Not only were mass-marketed schemes a problem in this area; we also know that the implementation of the government's tax reform program and the GST had a rather rough passage when handled by the Australian Taxation Office. There was no more obvious an example of this than the treatment of the BAS statement. The Taxation Office were given a set of working guidelines and then went off on their own fishing expedition about how they would implement them. The size of the BAS form, if you will recall, was so big that you almost needed to be a Philadelphia lawyer to fill it out. As a result, again, the government had to take precipitated action, with no help from the Australian Taxation Office, until the tax office was dragged, kicking and screaming, into responding to the issue.

Another problem area was in relation to subcontractors. The government had a position on that and the Australian Taxation Office decided that they would put another inflection on it. As a result, many of these small businessmen, as private contractors, were being hamstrung by the view of the Australian Taxation Office, which wanted to put them back into the employ of major companies rather than have them act as small businesses. All this was designed to do, in some respects, was to unionise the subcontract work force. We could list many examples of why this legislation is necessary, but one is the recent interpretation of the Australian Taxation Office of employee bargaining

arrangements, where they are looking at them retrospectively in some regard. Then there was Mr Carmody's sudden retrospective view on charter boat operators. This is why a body like the Inspector-General of Taxation is necessary to provide this interface with the basic working man and small business.

The government released 'The Inspector-General of Taxation in the taxation system' consultation paper in May this year, delivering on its promise to address this matter. The Board of Taxation consulted extensively on this paper and provided its final report to the Minister for Revenue and the Assistant Treasurer, Senator Coonan, in July 2002. In August the minister responded by saying that the government, in principle, had accepted all the board's recommendations. So the government was very keen to receive the advice gathered from throughout the Australian business community.

Let us look at what sorts of checks and balances there are in relation to the Australian Taxation Office, because it is responsible for the administration of the federal taxation system. As we know, it is headed by the Commissioner of Taxation, who, at this current stage, is Mr Michael Carmody. Broadly speaking, the Commissioner of Taxation is responsible for the general administration of tax laws and is the government's principal adviser on taxation administration issues. I must emphasise 'administration issues'. The Board of Taxation is an independent, non-statutory body responsible for providing advice to the Treasurer on the quality and effectiveness of tax legislation, the processes for its development—including the processes of community consultation—and on improvements to general integrity in the functioning of the taxation system. In terms of scrutiny of taxation, there is the Commonwealth Auditor-General, who reports to the parliament on various aspects of the ATO's administration of laws as part of the overall responsibility of providing independent reviews of the performance and financial management of public sector agencies. Then there is the Department of Treasury, which is responsible for developing tax law policy

and providing advice to the Treasurer in this regard.

Where can people go if they have grievances with the Australian Taxation Office? The taxpayer can appeal against a decision made by the ATO regarding their taxation assessment or taxation decisions. A taxpayer who has a complaint regarding the assessment of any decision may apply to the ATO for an internal review, they may apply to the Administrative Appeals Tribunal for a review of the decision, or they may apply to the Federal Court. What is common about those three things, particularly the last two, is that they are very judicial and costly. As a result, the average business and worker out there finds it difficult to get justice before the law, especially against an organisation the size of the Australian Taxation Office.

Here comes the rub. If the Australian taxpayer is dissatisfied with the administrative action taken by the ATO, the taxpayer may complain to the Commonwealth Ombudsman. The Labor opposition says that they are not going to support this legislation because they think you should beef up the powers of the Ombudsman and that the Ombudsman is the place to go. I will address the reasons why the Ombudsman is not the place to go in a moment.

In relation to the proposal from the Inspector-General of Taxation, it must be noted that the Institute of Chartered Accountants and CPA Australia have expressed strong support for the creation of this position. However, one of the concerns that I have, along with some of the commentators, is that it is another body that does a review and then reports back to the minister. It does take some workload off the minister and other departments, but ultimately it comes back to the minister to make a decision again—which may not be so bad in that the advice that has been given is independent and given without coercion.

To return to the Ombudsman, we know that the Commonwealth Ombudsman is an independent statutory body that is appointed by the Governor-General and, therefore, ultimately—as the cynics will tell you—appointed by the government of the day. To support the Commonwealth Ombudsman on

taxation matters—10 per cent of the Ombudsman's inquiries are taxation related matters, a percentage which is increasing—the Ombudsman has a special set of advisers. On 6 April 1995, George Gear, the then Assistant Treasurer in the last Keating government, issued a press release saying:

The Federal Government has boosted the Office of the Commonwealth Ombudsman with a team of tax experts to help taxpayers when they have problems with the Australian Taxation Office.

Mr Gear then goes on to talk about a 'fairer taxation system' and use all the weasel words that he was known for. It is the job of the Taxation Office to collect tax and to run after tax avoiders, but the tax office must also know where to stop so that the rights of taxpayers are not infringed. The fact that there is a team in the Ombudsman's office overlooking the tax office's actions is a very big check to stop them stepping over this line. The important part of his press release states:

The new tax team is to be led by Peter Haggstrom, a tax accountant with wide experience in the public and private sector. As Special Adviser on Taxation, Mr Haggstrom will head a team of five people.

The Labor Party put Mr Haggstrom in place and said, 'Isn't this great because now the Ombudsman is going to have teeth to do something about complaints about the Australian Taxation Office.' Where did this little exercise lead the government?

Mr Cox—Where did it lead them?

Dr Emerson—It leads to less tax avoidance!

Mr RANDALL—The fact is, as reported in the *Business Review Weekly*, the Office of the Ombudsman has been somewhat compromised by the Australian Taxation Office. The Labor Party were getting excited over there again. It was their own people like Senator Sherry, Senator Ray and Senator Faulkner who raised in the Senate issues regarding the independence of the Ombudsman's office. I will address those issues now.

The Commonwealth Ombudsman faces several controversies that call into question his officers' independence from the Australian Taxation Office. These include the use

of ATO money to partly fund investigations into taxpayers' complaints about the conduct of the tax office. How can a body like the Commonwealth Ombudsman be totally independent when it is going to the Australian Taxation Office's Michael Carmody to seek extra money to run its department? You know the old story about he who pays the piper. An allegation by a former special tax adviser to the Ombudsman, Peter Haggstrom—and this is the person I referred to who was appointed by George Gear—said that senior tax officers had, in his words, threatened his funding unless he pulled his head in. Here is Haggstrom saying that the Australian Taxation Office had threatened him and said that, unless he pulled his head in, it would pull its funding from the Ombudsman office. So much for the independence of the Commonwealth Ombudsman.

Another allegation raised in the *BRW* article was a conflict of interest allegation by the Sydney tax promoter Christopher J. Batten against the special tax adviser in the Ombudsman's office, Catherine McPherson, in relation to her investigation of his complaints about the ATO sting codenamed Operation Scorpio. Batten had complained to McPherson that the tax officers who had raided his office had harassed and intimidated his business associates. Eight months after making his complaint to McPherson, Batten obtained documents under the Freedom of Information Act revealing that her husband, Kevin Fitzpatrick, head of the ATO high wealth task force, had authorised tax officers participating in the raids to seize confidential documents that are normally protected by professional privilege. Later Batten found that McPherson's husband was a member of the special ATO committee on aggressive tax planning and an adviser to another tax commissioner on the types of plans promoted by Batten. These other plans include EBAs, employee benefit arrangements. Again this affected the independence of the Commonwealth Ombudsman and showed the conflict of interest regarding the independence of the Commonwealth Ombudsman's office in relation to the Tax Ombudsman.

Another claim—and the opposition will probably enjoy this one—by the Leader of

the Opposition in the Senate, John Faulkner, is that there is a perception in the tax law and accounting profession that the Ombudsman's office is increasingly a captive of the ATO. I do not hear howls and screams from the opposition spokesman on this, because it is one of his party's senior officials—unless he disagrees with him. Faulkner made this claim during a hearing of the Senate Finance and Public Administration Committee, after tabling figures showing a sharp decline between 1995-96 and 1999-2000 in the number of complaints being investigated by the special tax adviser to the Tax Ombudsman.

The purpose of raising issues about the independence and the effectiveness, or otherwise, of the Tax Ombudsman's office is that there needs to be a better body—a body with legislative power such as the Inspector-General of Taxation; a body that not only has special powers to investigate and report but has sanctions with those powers as well as the ability to cut through at the highest level the Australian Taxation Office records; a body that requires the Australian Taxation Commissioner—in this case Michael Carmody—to respond. There are sanctions in this bill if Mr Carmody does not do that.

I have spoken to a number of tax professionals in Perth today who consider the Commonwealth Ombudsman, regarding its tax advice, as being a toothless tiger compromised by the Australian Taxation Office. They are looking forward to the workings and the functionings of the Inspector-General of Taxation. This initiative by the government will not be perfect on start-up day, like most of these systems that are brought in by government—especially because it is radical—but we will have an opportunity to refine it to be effective and to represent the interests of Australian taxpayers and Australian business in particular.

As I said initially, for the Australian Labor Party to do what they have done today—have one speaker who only spoke for half the allotted time and who seemed very disinterested in this whole arrangement—shows their lack of regard. In particular, it shows their lack of regard for small business in this country and for taxpaying mums and dads who are seeking justice before the courts and

before the Australian Taxation Office. It is an abrogation of their responsibility as an opposition and they should be ashamed of themselves. They should get behind the government to see the establishment of a fully functioning, properly resourced Inspector-General of Taxation. I recommend this bill to the House.

Dr EMERSON (Rankin) (4.45 p.m.)—The more things change, the more they stay the same. We have a parade of Liberal members of parliament from Western Australia trying to crunch the Australian Taxation Office in support of aggressively mass marketed tax minimisation schemes. The member for Canning, who is on the speakers list, has just finished. He will be followed by the member for Curtin and the member for Moore.

More than 20 years ago the then Liberal government decided to set up a royal commission into the painters and dockers union—the Costigan royal commission. The government thought they would stitch up the painters and dockers union. The royal commission did, in fact, uncover very bad practices within the union. But what was not expected by the then government was that the royal commission would uncover enormous tax avoidance in this country, much of which was run out of the Western Australian Liberal Party. It brought to light the notorious bottom-of-the-harbour schemes—the wet Slutzkins and the dry Slutzkins.

Tax avoidance at that time was rampant, and the headquarters of tax avoidance in this country was the Western Australian division of the Liberal Party. So it does not surprise me that the government are lining up again to seek to nobble the tax office by supporting the setting up of a body which will not be independent but which they hope will nobble the tax office and prevent it from pursuing and closing down mass marketed schemes designed to avoid tax. So here we are again more than 20 years later and the Western Australian Liberal Party have not changed their spots; they will never change their spots. It is the place where tax avoidance in this country is most strongly defended.

I am advised that the Minister for Revenue, Senator Helen Coonan, had a meeting at

the Royal Perth Yacht Club with the promoters of tax minimisation schemes, left the meeting on a Saturday evening and rang the Commissioner of Taxation, Michael Carmody, on her mobile telephone to put pressure on him to settle the ongoing dispute between the tax office and the aggressive promoters of tax minimisation schemes. Surprise, surprise! Very shortly thereafter the tax office was making an offer to the promoters of and the participants in those schemes.

That is a sign of things to come if this sort of legislation is passed, because it has one purpose only. Its origins were in the complaints, especially coming out of Western Australia, about the tax office's handling of mass marketed schemes. I am not saying that the tax office handled those schemes with great skill and dexterity. I was a member of the House of Representatives inquiry into employee share ownership plans, otherwise known as ESOPs. It was proposed to call the report 'ESOPs fables' because it too, on a smaller scale than that which had occurred more than 20 years ago, brought to light aggressive tax minimisation schemes and the promoters of these schemes. In fact, Labor members tabled such a scheme after the tax office had already advised us that it had these schemes and the promoters of these schemes identified and well and truly under control. If that were the case, we would not have been able to table such a scheme. In response to that tabling, the tax office said, 'We had better have a look at that.' It showed the extent to which promoters had gone, in the face of tax office action, to continue aggressively promoting tax avoidance or tax minimisation schemes in this country.

Complaints by the promoters of these schemes to senators such as Senator Helen Coonan, who is now the revenue minister, helped spawn this idea of creating an Inspector-General of Taxation. If this legislation goes through, the inspector-general's role in reality will be to nobble the tax office on behalf of the government so that the promoters of tax schemes could go to the government, say that they had been mistreated by the tax office and get the government to approach the Inspector-General of Taxation, who would then put pressure on the tax office to back off. This is the form of the West-

ern Australian division of the Liberal Party over more than 20 years. As I said, the more things change, the more they stay the same.

The previous speaker on the Labor side—the shadow Assistant Treasurer, the member for Kingston—and I were staff members of Senator Peter Walsh, who spent a lot of time in the Senate exposing and bringing to public attention the behaviour of the West Australian branch of the Liberal Party in promoting and condoning tax avoidance not only in Western Australia but Australia wide. So that is the origin of this concept of Inspector-General of Taxation: to nobble the tax office.

The Tax Ombudsman performs all of the functions of the inspector-general as set out in this legislation, but there is one difference: the Tax Ombudsman is independent of government and the Inspector-General of Taxation would not be independent of government. The Inspector-General of Taxation would do the government's bidding on behalf of the promoters of tax minimisation schemes. So let us be clear about what is involved here.

The Treasurer boasts that he is a good economic manager and talks of his Charter of Budget Honesty. This is the highest taxing, highest spending government in the nation's history. But under the Charter of Budget Honesty the Treasurer is able to present a budget which has the GST as a state tax, although it is collected by the Commonwealth. Twenty-nine billion dollars of revenue is concealed by the Charter of Budget Honesty. It is obviously a charter of budget dishonesty. It is a charter that enables the Treasurer to produce the worst budget documents seen in this parliament for decades. It is a charter that allows him to conceal and deceive. It is a charter that allows him, by the device of excluding the GST, to put to the Australian people that there has been a significant fall in taxation as a share of GDP. Ask any member of the Australian community, 'Who levies the GST?' and they will tell you that it is the federal government.

We were in this parliament for months and months debating legislation for a GST that the Treasurer now says is not a federal tax at all. It is as if we did not have that debate. It is as if the Democrats did not do a deal with

the government in the Senate to pass the GST, because the Treasurer is trying to convince the Australian people that the GST is not a Commonwealth tax but a state tax. The Australian Bureau of Statistics disagrees with the Treasurer—it is clearly a Commonwealth tax as far as the ABS is concerned. The International Monetary Fund disagrees with the Treasurer, and every Australian disagrees with the Treasurer. This is the sort of concealment that the Charter of Budget Honesty allows. Similarly, as revealed today, with the \$1 billion in losses on currency swaps—losses that the Treasurer said had not occurred because they had not been realised—they have been realised, and I will be very interested to see where they show up in the budget under the Charter of Budget Honesty.

Liberal governments tell us all the time how they are for small government, for cutting government spending and for cutting taxes. The rhetoric and the practice are completely at odds. Rather than cutting government spending on aggregate, the government has increased government spending and has increased taxation as a share of GDP to record levels. What has happened is that government spending is under different priorities. It cuts essential social services and now says that \$2 million is needed to fund an Inspector-General of Taxation to do the bidding of promoters of tax minimisation schemes. That is a measure of the government's priorities: spend \$2 million on an advocate for tax minimisation schemes but make cuts to the Pharmaceutical Benefits Scheme and make cuts to the disability support pension.

The Treasurer elect—as described by the member for Kingston, the shadow Assistant Treasurer—has applied for the job. He applied for the job here in the parliament when the Treasurer was away. Before he came into the parliament for question time on that memorable day, he thought, 'I'd better get out the old Samuelson first-year book and see if I can scrub up on economics.' He walked in, got a question and, as soon as he possibly could in answering the question, said, 'It's all about the elasticity of demand. I'm the Treasurer elect; I know about the

elasticity of demand.' He made himself a laughing stock—a joke. The stewardship of the present Treasurer in relation to taxation and spending speaks for itself. He is the highest spending, highest taxing Treasurer in the country's history. But he does not, at least, have to come in here and say, 'I know all about economics because I know about elasticity of demand.'

This inspector-general would not be independent; he would do the bidding of the government—most particularly, the bidding of the Western Australian branch of the Liberal Party. He would also assist the member for Groom, the Minister for Industry, Tourism and Resources. If there had been an Inspector-General of Taxation, his journey through the GST scam would have been much smoother. I note that the Minister for Industry, Tourism and Resources, in the Groom GST scam, which had spread to other parts of the Queensland division of the Liberal Party, was to be subject to a tax office audit report—an audit report that the Prime Minister said, as the *Tampa* sailed into Australian waters, would be made public. He said, 'I will commission a report. I will instruct the tax office'—of course he did not have the authority to do that—'to conduct a thorough audit of the activities of the Queensland branch of the Liberal Party in respect of avoiding GST. And I will make that report public.'

That was more than a year ago, on 25 August 2001. As the *Tampa* sailed in, it saved the minister's bacon, because he was in deep trouble. To get the issue off the agenda, the Prime Minister promised an audit report. He promised that that report would be released publicly. It never has been released. The Prime Minister broke his promise. The Prime Minister said that the government had nothing to hide. He said, the Treasurer said and the minister for workplace relations said, 'It was all an honest mistake in Queensland. There was only \$75 or \$100-odd involved.' But the audit report was completed. On the day that the new ministry was announced, a summary of the audit report was released publicly and reported on by only the AAP and two newspapers in small stories.

The AAP report, which reflected an interview with the federal director of the Liberal Party, reveals that there was a penalty tax applied in respect of the activities of the Queensland branch of the Liberal Party. When is a penalty tax applied by the tax office? When there is reckless or deliberate avoidance activity. The government has got away with this to date. The Queenslanders have picked up on the form of the Western Australian Liberal Party. The Queensland division of the Liberal Party was into GST avoidance; the Western Australian branch of the Liberal Party condones aggressive tax minimisation schemes. And that is not all. The tax office assessed GST on the activities of the Queensland division of the Liberal Party amounting to \$13,000. This indicates that the Queensland division of the Liberal Party was not engaged in GST minimisation or avoidance of \$100 or \$200 but of more than \$130,000. I will say it again: the Queensland division of the Liberal Party was engaged in GST avoidance activity involving more than \$130,000.

We would know all of that, and what it was they were doing, if the Prime Minister had kept his promise that the tax office audit report into the activities of the Queensland branch of the Liberal Party would be made public. It was no honest mistake. This was an orchestrated scam that may well have been practised initially in the Groom FEC but spread to other branches of the Liberal Party, the FECs of the Liberal Party in Queensland. It was operated with the full knowledge and support of the headquarters of the Queensland division of the Liberal Party. If there had been an Inspector-General of Taxation, we could be assured that every effort would have been made to protect and conceal those activities by the Queensland division of the Liberal Party—just as we can be assured that, if there is an Inspector-General of Taxation under the direction of the government, the Western Australian division of the Liberal Party will be able to make direct representations any time the tax office tries to crack down on new forms of tax minimisation schemes.

The tax office botched the issuing of private binding rulings that had assisted in the

proliferation of these schemes. The tax office at least has recognised that and tried to remedy it. But that is not enough as far as this government is concerned. It wants to nobble the tax office, to get the Inspector-General of Taxation to prevail over the tax office and prevent it from pursuing tax minimisation schemes. The more things change, the more they stay the same. The Queensland branch of the Liberal Party has picked up on the philosophy of the Western Australian branch of the Liberal Party. They are both supporters of tax minimisation schemes, and it would be a tragic day for decent tax and revenue collection in this country if this legislation were ever passed.

Ms JULIE BISHOP (Curtin) (5.04 p.m.)—The [Inspector-General of Taxation Bill 2002](#) is before us today due to events involving the Australian Taxation Office that began in the late 1980s and early 1990s. These circumstances arose under the watch of the then Labor Treasurer and Assistant Treasurer and were left behind by Labor, and so these reforms are a priority for this parliament. I was intrigued to hear the member for Kingston purporting to give advice on taxation administration. This is the man who was the principal adviser to Treasurer Kerin and then to Treasurer Willis in 1991 and 1992—a very significant period in tax administration in this country, and I will come back to it—and again in 1994 to 1996, which was another significant period in the breakdown of taxation administration in this country—and I will come back to that, too.

First, let me make some general observations. Taxation is perhaps the most direct application of state coercion that the majority of citizens will ever experience. The levying of taxes on incomes, commodities and activities has long tended to be regarded by citizens generally as a necessary evil—necessary in that only through coercion can the public services expected by our community be provided, and evil in that the force deployed in its collection is ultimately sanctioned violence. All great legislators in history, from Cicero to Jefferson to Menzies, and before and beyond, have observed the inherent power a government has over its citizens through the ability to tax and the

tension it creates between a government and its citizens. Menzies noted:

‘I pay my taxes,’ says somebody, as if that were an act of virtue instead of one of compulsion.

The French economist, legislator and satirist Frederic Bastiat said of taxation in the 1850s:

It is impossible to introduce into society a greater change and a greater evil than this—the conversion of the law into an instrument of plunder.

Perhaps for a more contemporary take on taxation, there are the words of American humorist P.J. O’Rourke, when he says:

All tax revenue is the result of holding a gun to somebody’s head. Not paying taxes is against the law. If you don’t pay your taxes, you’ll be fined. If you don’t pay the fine, you’ll be jailed. If you try to escape from jail, you’ll be shot.

While we recognise in a liberal society that taxes are a necessary ‘evil’, we further comprehend that their administration ought to be subject to the most stringent and exacting standards of public accountability. This is what Labor is rejecting by its opposition to this legislation. In dealing with what is, after all, the legalised expropriation of property, authorities ought to be scrupulous in applying the law fairly and uniformly and with due regard to process and natural justice. This is what Labor is rejecting in its opposition to this legislation. Given the awesome power that the federal government has to tax, it is incumbent on governments to restrain and respect the power of taxation. I say again that it is that recognition on the part of liberals that has motivated this bill before us today. Events involving the Australian Taxation Office going back to the late 1980s and the 1990s and circumstances created and left behind by a Labor government have given rise to this legislation.

As to the bill itself, the Inspector-General of Taxation Bill establishes a new statutory office so as to provide a more independent source of taxation advice to the Commonwealth government than is presently provided by the ATO. The role of Inspector-General of Taxation will therefore require the holder of the office to act in a position of advocacy for all taxpayers in Australia, both individuals and businesses. This is what La-

bor is rejecting. Given the independent status of the office, the inspector-general will be appointed by the Governor-General and will have tenure of a fixed term of up to five years. This tenure and the strict terms applying to the dismissal of the inspector-general will ensure that the office remains at arms-length from political and administrative forces.

The Treasurer indicated in his second reading speech that the bill allows the inspector-general to conduct reviews of taxation administration, both autonomously and upon the direction of the Treasury ministers. This is what Labor is rejecting. These reviews will provide for public submissions—Labor rejects this—and the investigation of documents and evidence from tax officials. As the inspector-general's role relates only to systemic problems in tax administration and not to individual taxation matters, the bill does not represent any incursion into the rights of taxpayers. Likewise, these reforms will not compromise the capacity of the Commissioner of Taxation, as head of the Australian Taxation Office, to administer the tax laws of Australia. Rather, the inspector-general will only be able to direct the commissioner to require disclosure of information in the context of his investigations. Further, the possibility of duplication on the part of the inspector-general and the other taxation review agencies—including the Commonwealth Ombudsman—will be reduced as a result of closer interagency consultation.

I have already made mention of the events that necessitated the reform of the existing taxation administration arrangements, including the appointment in late 2001 of Senator the Hon. Helen Coonan as the Minister for Revenue and Assistant Treasurer with special responsibility for tax administration. Upon her appointment, the Assistant Treasurer took on the task of settling disputes between the Australian Taxation Office and taxpayers caught up in what had become known as mass marketed tax effective schemes—not confined to Western Australia, but schemes that were entered into by investors across this country. The saga of these schemes is reason enough for the establish-

ment of the office of inspector-general. It seems that Labor, in opposing this bill, has already turned its back on the thousands of taxpayers who were caught up in these schemes. Back when it was facing an election, Labor, opportunistically, called for action to assist those subjected to amended assessments for their part in these schemes, but now it ignores their plight—and, indeed, the plight of other taxpayers in their dealings with the ATO—when the government introduces a measure to act against the possibility that such a scenario, as confronted taxpayers who entered into these schemes, could recur. This bill ensures greater accountability, transparency, efficiency and fairness in the administration of tax in this country—and Labor opposes it. What could possibly be the motive behind Labor's opposition to giving the ordinary taxpayer a voice, an advocate, in dealings with the bureaucracy—that is, the Australian Taxation Office?

The mass marketed schemes provide a classic case study of what can go wrong when the government of the day—in this case, the Labor government in the late 1980s and the early 1990s, when the member for Kingston was the principal adviser to the Treasurer—takes its eye off the ball and when the consequences of changes it made to the taxation laws in this country at that time are ignored, not detected or not understood by those in charge of taxation administration. Three elements came into play in the late 1980s and early 1990s. Particularly pertinent are the years 1991 and 1992, when the member for Kingston was the principal adviser to the Treasurer and again between 1994 and 1996. Firstly, there were the changes to the assessment procedures, whereby the traditional assessment system—a situation where returns lodged were reviewed and examined by the ATO before the tax was calculated and an assessment issued—were changed progressively to a system of self-assessment, whereby the taxpayer not only calculated the taxable income but also calculated the tax payable and sent that amount to the ATO with a return that contained limited information.

Combined with that, the rulings system was introduced, supposedly to give individ-

ual taxpayers certainty in their assessments. However, private binding rulings—intended, apparently, to provide certainty to individual investors on the tax benefits or consequences of an investment—came to be relied upon by tax advisers and planners who deemed them to apply to a range of others who, on the face of it, would be in the same position as the taxpayer receiving the private ruling. The rulings system, introduced by the Labor government, failed with massive consequences. Thirdly, there was the explosion of mass marketed schemes across the country, involving taxpayers from every tax bracket and in various occupations—a phenomena that was exacerbated by the self-assessment system and the existence of private rulings.

Looking back now, it is beyond comprehension that the ATO, the Labor Treasurer, the Labor Assistant Treasurer and even the principal adviser to the Treasurer in these years were not able to detect the consequences of the mass marketed schemes. According to evidence given to the Senate Economics References Committee inquiry into mass marketed tax effective schemes and investor protection, claims for non-allowable deductions for investments in these schemes rose from some \$50 million in 1990, or thereabouts, to about \$1.5 billion five years later—somebody was asleep on the watch! Nevertheless, it was some many years later that the ATO issued assessments disallowing the deductions claimed in respect of the various investments made.

Under the self-assessment system that was progressively introduced under Labor, the ATO had four years within which to issue such assessments. In circumstances where the ATO believed it was a tax avoidance scenario under part IVA, the anti-avoidance provision, the tax office had six years within which to act. Invariably, for inexplicable reasons, the ATO was outside the four-year period, so part IVA notices were issued to tens of thousands of men and women who had believed under this self-assessment regime that the deductions they had claimed in tax returns lodged up to six years previously—without a peep from the ATO, without a peep from the Labor Treasurer or Assistant Treasurer—had been accepted by the ATO. They

were, understandably, outraged, distressed and angered by the implication that they were tax avoiders and by the fact that their financial arrangements from up to six years previously were now, in many cases, in disarray and they faced massive reassessments, penalties and interest on the disallowed deductions.

I am conscious of the impact that this had on the lives of many in my electorate and other electorates across Australia. I, with other members, particularly Western Australian members, spent many hours trying to assist constituents in their dealings with the ATO. I recall that the member for Brand and the member for Stirling also raised concerns and asked that action be taken in respect of investments people had made back in the early 1990s.

After the Howard government was elected in 1996, there were changes made to the administration of tax collection. For example, having product rulings to apply to a product rather than just an individual taxpayer was a vast improvement on the old private ruling system introduced under Labor. Ultimately the majority of the investors involved in the mass marketed or tax effective schemes settled with the ATO rather than take their cases through the courts.

What have we learned? The time, effort, uncertainty and distress of taxpayers and the challenge to the integrity and credibility of the tax office indicated that there were systemic problems dating back a decade or more that were not detected in a timely fashion. That has led to the introduction of this office of Inspector-General of Taxation.

I hope that one of the first reviews directed to the inspector-general will be the system of self-assessment. It clearly has led to a situation where taxpayers and their advisers bear the full burden of seeking to understand and apply complex, often confusing, often contradictory taxation legislation as it is implemented by the ATO to their particular circumstance. For self-assessment to work, taxpayers must understand the law. The way in which the legislation and administrative practices have grown up over the years militate against that being achievable. The extent and complexity of reforms in the

areas of income tax, superannuation and capital gains tax alone are hard enough for tax experts to keep up with, let alone members of the public.

Why Labor could not see this when they progressively introduced self-assessment in the late 1980s and early 1990s is beyond me. Yet the tax office, who ought to have the expertise, the understanding and the critical knowledge of how our income tax laws are meant to apply in everyday situations, has been able to sit back under this self-assessment system as a kind of armchair critic, not having to apply its expertise, understanding and knowledge of any particular tax return as the burden falls on the taxpayer because claims are not assessed when the return is lodged and compliance is monitored by the tax office in a risk assessment program. I would encourage a review by the inspector-general of the self-assessment regime. This is not a role the Ombudsman could or should undertake.

This is not the time to debate the factors that give rise to the business of tax minimisation or tax avoidance in this country, but I suggest that another area of review for the inspector-general could be the differential between the top marginal income tax rates of 47 per cent—or 48½ per cent with the Medicare levy—and the top corporate rate of 30 per cent. I applaud absolutely that the top corporate rate in this country is 30 per cent. It makes us competitive in this region. But I believe that the impact that the differential between a top personal rate of 48.5 per cent and a corporate rate of 30 per cent has on the behaviour of taxpayers, in trying to characterise their income as corporate rather than personal, is a matter for review by the Inspector-General of Taxation.

This initiative, in establishing an advocate for the taxpayer, may well bring us back to the question of the fundamental principles of taxation. I believe there must soon come a reckoning in this country that taxation is justified but ought to be limited. This means that we must lessen our sense of entitlement to the fairly earned incomes of others for the sake of our economic future and for our self-worth as citizens. I applaud this initiative in the creation of the office of Inspector-

General of Taxation and I commend the bill to the House.

Mr MURPHY (Lowe) (5.20 p.m.)—I would like to make a short contribution on the [Inspector-General of Taxation Bill 2002](#). I make it quite plain that I too oppose this bill. I believe it is a waste of taxpayers' money. If the tax office were doing their job—that is, if the government gave them more resources—you would not have to be calling for an Inspector-General of Taxation to collect the revenue.

I also take the opportunity to draw to the attention of the House a question that I put on the first *Notice Paper* in this parliament on 13 February this year. It was directed to the Treasurer. It was question No. 43, and it is a simple question: 'What percentage of (a) barristers and (b) solicitors pay the top marginal rate of income tax?' If you walked down Northbourne Avenue here in the national capital this afternoon or you strolled down George Street in Sydney, Collins Street in Melbourne, Hindmarsh Street in Adelaide or any street and you asked anyone in the street what rate of taxation they believed people like solicitors and barristers are paying or should be paying, overwhelmingly you would find that they thought they should be paying the top marginal rate. It is no secret from numerous media reports over a long period that the barristers and solicitors in this country in the main do not pay the top marginal rate of tax. The very people who should be setting an example to all taxpayers in this country to pay their fair share, to shoulder the burden, because of their privilege and knowledge of taxation law, are indulging in tax avoidance schemes and making the poorer people of our community shoulder the burden.

We know that the government is soft on tax avoidance, strong on taxing the poor and weak on taxing the rich. I want to take this opportunity to raise the fact that the Treasurer, who is custodian of the revenue, is not doing his job and he is a serial offender in relation to questions that I and other members have put on notice. I also am aware that in the last parliament, on 26 March 2001, the member for Barton asked the Treasurer

question No. 2455, to which he never got an answer. The question was:

(1) Has the Australian Taxation Office (ATO) at any time over the last five years retained any barrister who has used bankruptcy as a means of avoiding taxation obligations; if so, (a) which barrister or barristers, (b) on how many occasions was each barrister retained and (c) what was the most recent date that each barrister was retained.

(2) Has the ATO at any time over the last five years retained any barrister while that person was bankrupt; if so, (a) which barrister or barristers, (b) on how many occasions was each barrister retained and (c) what was the most recent date that each barrister was retained.

I want to draw to the attention of the parliament that the Treasurer of our country is protecting barristers and solicitors who are not paying their fair share of tax. In the public interest I want to, through you, Mr Deputy Speaker, send a message to the Treasurer because I have asked the Speaker on a number of occasions with regard to my question of 13 February 2002 to give that information to me, to the parliament and to the people of Australia. It is outrageous that solicitors and barristers in this country are not paying their fair share of tax, and the public need to know.

Dr WASHER (Moore) (5.24 p.m.)—It is a pleasure to speak on the *Inspector-General of Taxation Bill 2002*. I note that we had a number of WA colleagues who also spoke on this, for reasons I will elaborate on in a moment.

Mr Fitzgibbon—Not surprisingly.

Dr WASHER—Yes, not surprisingly. This government has certainly presided over a strong period of economic growth and financial prosperity while other nations have faced economic stagnation and recession. The government's adept handling of the economy has also kept interest rates low and provided a boost to small businesses. The overhaul of the tax system has benefited ordinary, hardworking taxpayers and their families, and has enabled our exporters to compete more effectively.

The introduction of an Inspector-General of Taxation will strengthen the relationship between the tax office and the business community, and make the administration of

the tax system more transparent and responsive. The Inspector-General of Taxation will be an independent watchdog who will provide a new source of advice to the government and act as an advocate for taxpayers. The Inspector-General of Taxation will not deal with individual complaints against the tax office—this will continue to be the domain of the Ombudsman—but will deal with the wider policy problems and administrative issues that have been badly experienced in recent years.

The government's election commitment to establish an Inspector-General of Taxation was in response to a need in the community, particularly the small business community, to simplify the administration process and deal with some of the frustration that small businesses face with the tax office. Such things as excessive delay, inconsistent and incorrect advice, questionable rulings, unanswered letters and apparent indifference are just some of the complaints made by small business operators, tax advisers and individual taxpayers.

In fairness, the ATO has had to cope with large-scale changes in a short time frame, which has placed a considerable strain on its operations. But this has also highlighted the need for better conflict resolution and a more transparent administration of the tax system. The establishment of the role of the Inspector-General of Taxation will make tax administration easier for business and more user-friendly for individuals. It is certainly not to avoid tax.

Small businesses are the backbone of our economy. The small businesses sector has played a crucial role in the economic fortunes of Australia by generating about 30 per cent of our gross domestic product and employing well over three million people. This accounts for almost half of the private sector non-agricultural employment. In my own state of Western Australia, there are 132,000 small businesses employing 356,500 people. It stands to reason that small business operators need to spend as much time as possible doing what they do best and as little time as possible dealing with taxation issues.

Mr Fitzgibbon—State issues. The wine equalisation tax.

Dr WASHER—We are innocent of those things. Thank you, Joel. The Inspector-General of Taxation will be an independent watchdog who can identify the systemic problems in tax administration and deal with issues promptly as they emerge. The inspector-general will be alert for patterns of complaints from taxpayers that suggest the need for different ways of doing things. A tragic example of that was back in Western Australia in the early 90s. This government has brought about sweeping changes in the tax system which has equipped us with a tax regime that is up to date and in step with our trading partners. It is fairer for individuals and promotes business and entrepreneurship. The next step is to make it more transparent and responsive.

I meet with many of the small business operators in my electorate of Moore and hear frequent complaints regarding the lack of accountability of the ATO. These business men and women often have to waste valuable time accessing information on the phone, being shunted from one tax consultant to another or being put on hold for excessive periods of time. They often say the phone service is atrocious. Getting through is difficult enough but, once you are there, there is no guarantee you will find someone to deal with a problem you have. Not only is this time-consuming; it is frustrating. In business, time is money. Businesses cannot afford to have time ticking away unproductively.

The Inspector-General of Taxation will be able to conduct reviews of the tax administration and invite submissions from the public on a matter that is under review. The bill also provides for the inspector-general to have strong powers to compel production of documents by tax officials and to take evidence from tax officials where this proves necessary, thus ensuring that systemic tax administration issues can be rigorously pursued and resolved. This will have the effect of cutting through the red tape and making administrative process more efficient and effective, which is good news for business. The *Inspector-General of Taxation Bill 2002* delivers on an election commitment to im-

prove tax administration for the benefit of all taxpayers.

The Board of Taxation found strong support among business taxpayers, the advising professions and the community for the establishment of an Inspector-General of Taxation. As the Hon. George Gear, who was once a member of this House, stated to me personally, the Ombudsman was not effective in addressing and handling the tax effective schemes in WA. These problems were not confined to WA; they were in other states. He stated that more needs to be done. I commend this bill to the House.

Mrs DE-ANNE KELLY (Dawson) (5.31 p.m.)—I rise to speak on the *Inspector-General of Taxation Bill 2002*. This bill will establish an independent statutory office of Inspector-General of Taxation. In its 2001 economic statement, *Securing Australia's prosperity*, the government committed to strengthen its level of advice on tax administration and to promote the advocacy of taxpayer concerns. The passage of this bill, should it pass—and those of us who are concerned about advocacy for taxpayers trust that it will pass—will see that commitment fulfilled.

The IGT would be appointed for up to five years, and the terms of his or her appointment or dismissal will ensure that he or she has a high degree of independence. The inspector-general will be able to conduct any review which he or she considers necessary to determine that the tax administration system office operates fairly and even-handedly. Whilst the inspector-general will have strong powers to compel tax officials to produce documents and take evidence from them, he or she will not compromise the Commissioner of Taxation's independence in administering tax laws; nor will the powers of other review agencies, such as the Ombudsman, be compromised. The inspector-general is required under this bill to consult with both the Auditor-General and the Ombudsman. Obviously, that process will avoid any unnecessary duplication. There will be no additional burden on taxpayers nor will there be any increase in compliance costs.

The inspector-general's role is to investigate systemic tax administration issues, and

it will not extend to the affairs of individual taxpayers or businesses. No taxpayer can be identified in any report from the inspector-general. This bill has been the subject of wide consultation with taxpayer groups, tax advisers, businesses, individuals and the Board of Taxation. As a member of parliament, I have to say that this bill is absolutely necessary and that an Inspector-General of Taxation is absolutely necessary. Regrettably, there is a systemic attitude that has developed within the tax office which needs addressing.

I turn now to the subject of federal agencies. There is a necessity for federal agencies to be professional, to fulfil their charter and meet their legislative obligations. It is expected by the Commonwealth that they will demonstrate professionalism, provide a level of service and have a culture which engages with those that they are meant to serve rather than one which confronts them. In my own area, Centrelink is one of our leading Commonwealth agencies. In 1995 it was perhaps not seen in the same light as it is now. There is no doubt that Centrelink is seen as a compassionate, professional organisation that delivers a high level of service in a culture of partnership and problem solving. Remember that people who see Centrelink are generally in transitional phases in their lives—they have either lost a job or had a marriage breakdown. It is a very traumatic time for most people. Centrelink staff have quite a challenge to deliver a professional, caring service.

Unfortunately, the Australian Taxation Office is one of our least professional federal agencies in terms of service to customers. I believe it has improved but I will give one example, that of the mass marketed tax schemes. I am not here to debate the merits of these in any way, but simply to talk about the interaction that taxpayers had with the Australian Taxation Office at that time. Many of the people drawn into these schemes were relatively unsophisticated; they were certainly sold a very slick tax arrangement. Many relatively unsophisticated investors in my electorate made a sincere attempt to inform themselves and rang the ATO. When I asked, 'Where did you ring?',

they said that they rang Brisbane—of course, with the call centre numbers now, they could have rung anywhere—and they actually reached a tax official. Some of them even took the trouble to make notes of their conversation. After a brief conversation, they believed that in some way they had been given authority or the tax office had endorsed the scheme.

There is no way of ever checking that, because the phone calls were not logged, as they are with Centrelink. There was no follow-up letter to the taxpayer or investor who had rung, not even a cursory letter to say, 'We acknowledge your phone call seeking information; you must write to us in more detail. We cannot give you advice over the phone, and you should view any investment with caution and seek sound advice.' I think a letter like that would have saved a great deal of heartache, penalties and cost for many of my constituents.

This was the poorest of poor services. Obviously the tax officials in the call centres and offices around Australia had not been trained to deal with calls like this—to log them, prepare a database and send out some sort of cursory warning to potential investors in mass marketed tax schemes. As I said, I am not debating the merits of mass marketed tax schemes. But I am disappointed that, through a culture of poor customer service and poor administration of inquiries to the tax office, the ATO allowed people to fall into the clutches of those who would exploit them.

As well as that, there are other taxpayers—sometimes with intent, and others through no fault of their own or poor advice—who fall foul of the ATO. Again, without debating the merits of the various schemes and arrangements that people enter into, the ATO's attitude towards many of these hardworking men and women is to make them feel like common criminals or to belittle them. There is certainly evidence—and I want to draw it to the House's attention today—that people are dealt with in a very aggressive and belittling manner by some officers of the ATO. Such a culture should not be encouraged or allowed to persist in any federal agency.

I will refer now to a letter received by one of my constituents. I do not intend to go into the arrangement that my constituent entered into; this is not a debate on the merits or otherwise of the scheme. It is sufficient to say that my constituent is a long established businessperson and is well respected in the community. In good faith and with advice, they entered into an arrangement which operated for several years. Subsequently, it was retrospectively disallowed by the ATO. As I have said, I am not going to go into the relevant merits of the case, but I want to quote from the letter that was sent to my constituent on 2 September this year. It is quite an extraordinary letter from the Deputy Chief Tax Counsel and it states:

Whilst I am unaware of the representations that were made to you by your taxation advisers in respect of the Commissioner's position in relation to [X], it would surprise me if the various taxation questions embodied in determining the correct treatment under the law were alleged to be clear, known and publicly articulated by the Commissioner. I would be more than surprised if it had been represented to you that a position had been espoused that could be relied upon by you such that your particular circumstances would be immune from attack if they were to be examined by the Commissioner. I would not wish to comment on the remedies that may be available to you if representations of that kind have been made.

It goes on in this bumptious, superior and supercilious manner. What he is really saying is 'be careful'. At the end he basically says, 'If you lose this, you'd better be careful'—but, again, in a supercilious and superior manner.

Australian taxpayers deserve, at the very least, to be informed in a courteous manner. There is a culture in the ATO that is curt and, as I have said, bumptious and supercilious. I think that my constituents and others deserve better. I hope that this culture can be rooted out by the Inspector-General of Taxation and that this lack of professionalism and service can also be addressed. Whether that is in the inspector-general's purview of activity, I am not sure. But I trust that having an inspector-general there will address many of these rather aggressive and unprofessional approaches that the ATO has adopted. That is not to say that the ATO should not seek

revenue; it must. It must fulfil its legislative requirements, and that is not in dispute. But the ATO needs to reach the level of professional service and courtesy for which other lead Commonwealth agencies are well known, such as Centrelink—and, might I also say, the Customs office, which is well regarded in my area.

I certainly welcome the government's announcement regarding the establishment of an Inspector-General of Taxation and I wholeheartedly support the bill—and so should other members of the House who are concerned with the way in which their constituents are dealt with on systemic tax issues. But there is always somebody who cannot see good, and I regret that the shadow Assistant Treasurer, the member for Kingston, is one of those who are not supportive of this legislation. He was reported in the *Age* as saying that the inspector-general was a 'smokescreen to trick taxpayers into believing the government was tackling tax problems'.

Mr Slipper—He just wanted to get his name in the paper.

Mrs DE-ANNE KELLY—Yes. He is trying to find an issue, I am afraid—either that or he never represents constituents with the ATO, which is more likely. In the *Australian Financial Review* three days later, he said that the inspector-general had been 'set up to fail'. He said that the government was establishing the tax inspector 'in an attempt to deny its own responsibility for major deficiencies in tax administration.' What a fearful contribution to make to the debate. Wouldn't you think that the Labor Party would support this and give it a trial? If the member for Kingston believes that will be the outcome, he will have plenty of time over the next few years to chart the progress of the Inspector-General of Taxation. But no, here is a good idea sunk right at the beginning—the typical carping negativity that we have come to expect from the ALP. It is clear that he has not talked to taxpayers, otherwise he would be supporting the bill.

As for the shadow Assistant Treasurer's final comment, anybody who knows the Assistant Treasurer, Senator Coonan, also knows that she is not someone who would

set something up to fail. She sets things up to succeed and to work for everyone. The Assistant Treasurer is an achiever and she is willing to try something new. I think establishing a position of Inspector-General of Taxation is a very sensible initiative; I support it and so do my constituents. This bill furthers the government's record of tax reform. I hope that this bill will see passage through the Senate. It is going to be a great boon for taxpayers and I believe it will change the culture in the ATO. I commend the bill to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.44 p.m.)—The government would like to thank the honourable members who spoke in this debate for their contributions to what is a very important reform and the delivery by the Howard government of yet another election promise. Given the importance of the measures contained in the *Inspector-General of Taxation Bill 2002*, it is hoped that the government will receive the support of the House in relation to its speedy passage.

The impact of taxation law, its administration across all sectors of the Australian economy and its importance to the Commonwealth budget all mean that it is critical to ensure that the taxation system is optimally efficient. The government announced the creation of the office of Inspector-General of Taxation as an election commitment, thereby branding it as a key element of government economic policy. It is very strange that the opposition is seeking to force the government to break an election promise which we as a government made to the Australian people prior to the 2001 election. Unlike the opposition, we place a very high store on the importance of keeping faith with the Australian people. We all recall the infamous situations in the past where Labor was prepared to do anything and promise anything to get elected, everything from 1-a-w tax cuts to promises not to sell the Commonwealth Bank and Qantas. Yet, having been elected, they tear up the promise and throw away their commitment to the people.

You would expect that an opposition would be seeking to hold the government to

its promises. We are in the process of delivering in full and on time with respect to every single election promise we made to the Australian people, and the Inspector-General of Taxation Bill 2002 is another instalment in keeping faith with the Australian people. It is therefore extremely disappointing to note that the opposition has shown a complete disregard for Australian taxpayers, and in particular through the person of the shadow Assistant Treasurer, by indicating that it and he will oppose the establishment of the office of Inspector-General of Taxation.

Turning briefly to some of the comments made by speakers, the chief opposition speaker, the member for Kingston, referred to clause 25 of the bill and the ATO right of reply and he expressed a concern that this would slow down the reporting process. I am happy to reassure the honourable member for Kingston, who has now returned to the chamber, that clause 25 requires the Inspector-General of Taxation to provide a reasonable opportunity for the commissioner to make submissions and this will not unduly delay completion of a review. The member for Kingston also referred to clause 9 with respect to reporting to the minister and industry groups concerns. The inspector-general will not duplicate the public reporting role of the ombudsman or the Auditor-General. Formal public reporting is time consuming. It requires extensive resources and delays remedies being introduced. Madam Deputy Speaker Gambaro, you would be interested to know that the inspector-general will advocate the views of taxpayers directly to Treasury ministers.

Mr Cox—That makes it even more frightening.

Mr SLIPPER—The government can release reports at the same time as announcing any reforms.

The member for Rankin, who was a late addition to the speakers list, claimed that the Inspector-General of Taxation will be an instrument for the government's involvement in the tax system. The facts are that the inspector-general will close gaps in the accountability regime for tax administration. The Ombudsman examines individual complaints and can report to parliament. The

Auditor-General can conduct performance audits of the Australian Taxation Office. The inspector-general will review systemic tax administration issues and can recommend improvements for the benefit of all taxpayers.

Mr Cox—The Ombudsman can do that already.

Mr SLIPPER—The Inspector-General of Taxation will strengthen accountability arrangements in tax administration and in doing so the inspector-general will make tax administration more transparent. Running through the thread of the opposition argument is the suggestion, as was made by the member for Rankin, that the inspector-general will not be independent but will do the government's bidding. That is purely laughable. The bill creates an independent statutory office of the Inspector-General of Taxation. The bill provides for the inspector-general to be appointed by His Excellency the Governor-General for a fixed term, with strict conditions governing dismissal. The Inspector-General of Taxation has own motion powers to initiate reviews into tax administration and the inspector-general's annual report to parliament must detail any directions given by the minister to the inspector-general to conduct a review.

Mr Cox interjecting—

Mr SLIPPER—I think even the member for Kingston, who ceaselessly interjects, would recognise that the above features that I have just outlined highlight the truly independent status of the office of Inspector-General of Taxation.

The member for Rankin also made what was really a most peculiar claim that the inspector-general will nobble the tax office and stop the ATO from closing down tax avoidance schemes. That is just out there in lala land. The member for Rankin clearly is not focusing on the debate. He ought to have known from looking at the legislation—probably he did not even read it—that the inspector-general cannot direct the commissioner in his tax law administration functions. The inspector-general can only require the commissioner to disclose information for review and the inspector-general will inves-

tigate systemic tax administration issues, not interpretation of the tax laws. The minister may direct the inspector-general to review a matter and report to government, and such directions must be reported in the annual report to parliament. So I would have thought that we have really good accountability mechanisms written into the bill which is currently before the House.

The member for Lowe came in and talked about what he saw as the need for the Australian Taxation Office to have more resources, saying that if they had more resources there would be no need for the Inspector-General of Taxation to collect revenue. I suspect that the member for Lowe did not actually talk to the member for Kingston, because even the member for Kingston would not have made such a suggestion. The inspector-general does not have any role in the administration of the tax laws or collection of the revenue. The Commissioner of Taxation has autonomy in the administration of the tax laws. With the mirth being displayed by the member for Kingston, it is pretty clear that he was not very impressed—

Mr Stephen Smith—That was directed at you.

Mr SLIPPER—It was directed at the member for Lowe. He obviously was not impressed with what the member for Lowe had to say.

The member for Kingston claimed that there was no appropriation for litigation between the Australian tax office and the Inspector-General of Taxation. The inspector-general's power to compel disclosure of information is clear and it mirrors similar statutory information-gathering powers in the ombudsman's act and in the Auditor-General's Act. It is highly unlikely that there would be any legal challenge.

The member for Dawson mentioned that the tax office needed to foster a culture of professionalism and be responsive and sensitive to client needs. It is obvious that the member for Dawson is supporting this bill, and it is important for taxpayers to have confidence in the Australian tax office.

The inspector-general will examine systemic tax administration issues, including

issues raised by taxpayers based on their experience with the Australian Taxation Office, and improve tax administration for the benefit of all taxpayers—and that really is a positive thing. That is the genesis of this bill and the reason the government promised the Australian people prior to the last election that we would bring in the position of Inspector-General of Taxation.

Mr Cox—It is a \$2 million stunt.

Mr SLIPPER—The member for Kingston ought to look at the results of the 2001 election: we won, they lost. It means that the Australian people are entitled to have our policies implemented, not theirs. The crucial element of the government's policies in seeking re-election was the institution of the position of Inspector-General of Taxation. Regardless of whether or not people support the Australian Labor Party, most people in the community would be appalled by the fact that this opposition is seeking to force the government to tear up an election promise.

The opposition claims that the Inspector-General of Taxation is a waste of money and creates another level of bureaucracy. It is pretty obvious that the member for Kingston, the shadow Assistant Treasurer, simply does not understand the provisions of the Inspector-General of Taxation Bill. Maybe I should be understanding and forgiving; maybe he is not really across his brief on this matter and maybe that is why he is taking what most people would see as a very strange position with respect to the implementation of this election promise by the Howard government.

The opposition argues that the systemic issues in tax administration should be addressed and that the Taxation Ombudsman is already empowered to investigate systemic issues in tax administration. In fact, while the ombudsman may initiate own motion inquiries into matters of public administration including tax administration, there is no formal mechanism for the government or for the parliament to trigger inquiries. Furthermore, the ombudsman's office must allocate its resources across all areas of public administration. It is not that the ombudsman does not have the resources to conduct own motion inquiries into tax administration, as claimed by the opposition; it is that the om-

budsman is prioritising inquiries across a broad range of areas of public administration. That is why the ombudsman is doing a good job and why the Inspector-General of Taxation, when established, will do a good job for the Australian taxpayer.

The inspector-general's resources will be targeted entirely at systemic tax administration issues. It is unarguable that it is desirable to have resources targeted at improving tax administration systems. The member for Kingston must surely have had complaints from constituents unhappy with the system of tax administration and must know that, if the Office of the Inspector-General is established, then his constituents as well as those of all other honourable members in the House will be greatly advantaged.

The Inspector-General of Taxation can be directed or requested by the minister to conduct an inquiry into a systemic tax administration issue. The inspector-general will also have own motion powers to initiate reviews, including those that result from approaches by taxpayers or tax professionals, and the parliament will also be able to request the inspector-general to examine a systemic tax administration issue. Indeed, even the Commissioner of Taxation himself or herself may also request a review by the inspector-general.

So the comparison is between the ombudsman, with a broad role to review public administration including tax administration, and a specialist review body. The inspector-general will have specialist expertise in the area of tax administration and will establish strong links with all stakeholders. The specialisation of the review function of the inspector-general will result in strong, independent advice to government on tax administration issues. The opposition has contradicted itself; it claims that the role of the inspector-general and the role of the Taxation Ombudsman are indistinguishable but then acknowledges that the ombudsman reports direct to parliament whereas the inspector-general will report to the Treasury ministers. This distinction is of critical importance. The ombudsman has a public reporting role and reports to parliament, and the parliament can hold the government to ransom over the

findings of a review by the ombudsman. The inspector-general will not duplicate this role; rather, the inspector-general will complement the role of the ombudsman as well as that of the Auditor-General.

The inspector-general will fill a gap in review arrangements for tax administration. The inspector-general is being established as an independent adviser to the government on systemic tax administration issues. The inspector-general will advocate the views of taxpayers direct to government, and that is a positive thing. The inspector-general will recommend improvements to tax administration that the government can act upon quickly if necessary. The government will release reports by the inspector-general which will allow for announcements of any reforms to be made at the same time that recommendations are made public, avoiding speculation and uncertainty about the tax system. To make sure that there is absolutely no duplication in the efforts by the three bodies reviewing tax administration from different angles—

Mr Cox—That is two, not three.

Mr SLIPPER—that is, the inspector-general, the Ombudsman and the Auditor-General—that is three, as the member for Kingston points out—the bill requires the inspector-general to consult with the Ombudsman and the Auditor-General at least once a year. The opposition has raised concerns about independence—I have covered that particular matter before.

The opposition has cited submissions and advice provided to the Board of Taxation without recognising that the proposals in this bill have been refined from the preliminary proposals in the consultation paper to take account of stakeholder views and the recommendations of the board. It is disappointing that the opposition would pursue a policy direction that was rejected in public consultation on the government's proposals for the Inspector-General of Taxation. The government released a consultation paper on the inspector-general in May this year, which formed the basis for public consultations by the Board of Taxation. This paper raised for discussion the option of establishing the inspector-general function within the Om-

budsman's office. This option was rejected by most stakeholders as well as by the Board of Taxation.

Mr Cox interjecting—

Mr SLIPPER—Maybe the member for Kingston was not aware of the fact of that rejection. The board explicitly recommended that the inspector-general be established outside the Ombudsman's office.

Mr Cox interjecting—

Mr SLIPPER—The board considered it would not be appropriate to combine the inspector-general's advisory function with the Ombudsman's role of reporting to parliament. The government has heeded the advice of the Board of Taxation and to those who have contributed to the debate.

Mr Cox interjecting—

Mr SLIPPER—The government has not accepted the views of the member for Kingston, who continues to interject, or indeed the Australian Labor Party. This bill establishes the new statutory office of Inspector-General of Taxation as an independent adviser on tax administration issues to the government. The office will thereby strengthen the advice that government receives on tax administration and process. The Inspector-General of Taxation will improve the administration of the tax laws for the benefit of all Australians by providing a new source of independent advice to the government on the effectiveness of tax administration. The office will identify systemic problems in tax administration largely by listening to the concerns of taxpayer representatives and tax professionals and with authority to initiate its own inquiries on systemic issues in tax administration. The office will therefore become, as appropriate, an advocate to the government for concerns and issues raised by taxpayers and their representative organisations.

The inspector-general provides the basis for tax administration to be more responsive to the legitimate needs of users and further allows for taxpayers and tax professionals to provide creative input towards the enhancement of the tax administration system. The inspector-general will seek to identify and resolve systemic problems in tax administra-

tion rather than handle individual complaints about tax administration, which remain the responsibility of the Commonwealth Ombudsman.

Mr Hockey—Hear, hear!

Mr SLIPPER—I am pleased to receive the support of the Minister for Small Business and Tourism. All the other existing avenues of appeal against tax administrative decisions will remain in place. The Office of the Inspector-General therefore adds a new dimension to the review of tax administration but will in no way inhibit the independence of the Commissioner of Taxation nor supplant the role of the Commonwealth Ombudsman in determining the fairness of individual tax cases.

The government is particularly proud that this initiative will contribute to making tax administration fairer, more efficient and more accountable. These measures have been the subject of extensive public consultation—the government has gone out there and listened—convened by the Board of Taxation. The government has largely adopted all recommendations of the board arising out of that consultation process and can therefore be confident that the measure has broad public support. I am particularly pleased to commend to the House the implementation of this very important government election promise.

Question put:

That this bill be now read a second time.

The House divided. [6.07 p.m.]

(The Deputy Speaker—Ms Gambaro)

Ayes.....	75
Noes.....	<u>59</u>
Majority.....	16

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Bailey, F.E.	Baird, B.G.
Baldwin, R.C.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Charles, R.E.	Ciobo, S.M.
Cobb, J.K.	Draper, P.

Dutton, P.C.	Elson, K.S.
Entsch, W.G.	Farmer, P.F.
Forrest, J.A. *	Gallus, C.A.
Gash, J.	Georgiou, P.
Hardgrave, G.D.	Hartsuyker, L.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Hunt, G.A.
Johnson, M.A.	Jull, D.F.
Katter, R.C.	Kelly, D.M.
Kelly, J.M.	Kemp, D.A.
King, P.E.	Ley, S.P.
Lindsay, P.J.	Lloyd, J.E.
Macfarlane, I.E.	McArthur, S. *
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Panopoulos, S.
Pearce, C.J.	Prosser, G.D.
Pyne, C.	Randall, D.J.
Ruddock, P.M.	Schultz, A.
Secker, P.D.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Thompson, C.P.	Ticehurst, K.V.
Tollner, D.W.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Windsor, A.H.C.	

NOES

Adams, D.G.H.	Albanese, A.N.
Beazley, K.C.	Bevis, A.R.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crosio, J.A.	Danby, M. *
Edwards, G.J.	Ellis, A.L.
Emerson, C.A.	Evans, M.J.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	George, J.
Gibbons, S.W.	Gillard, J.E.
Grierson, S.J.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Irwin, J.	Jackson, S.M.
Jenkins, H.A.	Kerr, D.J.C.
King, C.F.	Latham, M.W.
Lawrence, C.M.	Livermore, K.F.
Macklin, J.L.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Mossfield, F.W.	Murphy, J. P.
O'Connor, G.M.	O'Connor, B.P.
Plibersek, T.	Price, L.R.S.
Quick, H.V. *	Ripoll, B.F.
Roxon, N.L.	Rudd, K.M.
Sawford, R.W.	Sercombe, R.C.G.
Sidebottom, P.S.	Smith, S.F.

Snowdon, W.E. Swan, W.M.
 Tanner, L. Thomson, K.J.
 Vamvakinou, M. Wilkie, K.
 Zahra, C.J.

* denotes teller

Question agreed to.

Bill read a second time.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.15 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MEMBERS OF PARLIAMENT (LIFE GOLD PASS) BILL 2002

Consideration of Senate Message

Consideration resumed.

Senate's requested amendment—

- (1) Clause 4, page 5 (lines 14 and 15), omit the definition of *spouse*, substitute:

spouse in relation to a person includes another person who, although not legally married to the person, lives with the person on a bona fide domestic basis as the husband or wife of the person.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.16 p.m.)—I move:

That the requested amendment be not made.

It would serve the interests of the House to know something of the history of the **Members of Parliament (Life Gold Pass) Bill 2002** in the other place. The Australian Labor Party and the Democrats combined in the Senate to request that the House consider expanding the definition of spouse to include de facto spouses for life gold pass travel. The life gold pass has only ever been able to be accessed by former members of parliament and their de jure spouses. The life gold pass bill is about limiting the entitlement and applying a more rigorous regime. It would be inconsistent with the thrust of the bill to expand the coverage to include de facto spouses.

The government finds it ironic that the Democrats and the Greens, who sought to

abolish the life gold pass in the Senate, now join in support of the Labor request, which would have the effect of increasing the benefits available to life gold pass holders. Since 1976 the eligibility criteria for life gold pass travel have been set exclusively by the Remuneration Tribunal. It would break with more than 25 years of accepted practice for the parliament to seek now to set the criteria for life gold pass eligibility.

I have some advice for the Australian Labor Party: if Labor wishes to expand—

Mr Snowdon—We wanted it as a de facto relationship.

Mr Hockey—Where is your coat? You are improperly dressed.

Mr SLIPPER—The member ought not to interject. What I am pointing out is that if Labor wishes to expand the definition of spouse for life gold pass travel then the appropriate mechanism lies through a submission to the Remuneration Tribunal. It is quite within the competence of any member—any person—to make such a submission to the Remuneration Tribunal. There is also a major practical problem with respect to—

The DEPUTY SPEAKER (Ms Gambaro)—I ask the members who are in the chamber to suitably attire themselves.

Mr Snowdon—I have a tie on. That is all I am putting on.

Mr Hockey—No, you have to get a coat.

Mr Snowdon—If you want a blue about it, let us have a blue.

The DEPUTY SPEAKER—The member for Lingiari knows what the standard of the House is. I do not need to remind the member for Lingiari of the standard.

Mr Snowdon—I came down at speed and I am in here after a division. I am leaving in a minute.

The DEPUTY SPEAKER—I ask the member for Lingiari to attire himself suitably or he will be dealt with.

Mr Snowdon—Where in standing orders does it say that I have got to wear a coat?

The DEPUTY SPEAKER—The member of Lingiari knows the standing orders—

Mr Snowdon—I do know the standing orders.

The DEPUTY SPEAKER—and I ask him to attire himself appropriately.

Mr Snowdon—With great respect, could you please advise me where in the standing orders it says I am dressed improperly? I am just seeking guidance.

Mr SLIPPER—On indulgence, it is time-honoured practice that members come into the chamber during a division wearing a jacket. Successive speakers and deputy speakers have required honourable members to leave the House immediately after a division if they are not properly attired. The member is defying you and perhaps consideration could be given to suspending him from the House.

The DEPUTY SPEAKER—I have consulted with the Clerk. The member for Lingiari is correct in that there are no standing orders that cover attire. The standards of dress in the House should be respected; both sides of the House should follow those procedures. I ask the member for Lingiari to keep those in mind. In the 6½ years that I have been a member, I do not think I have had anyone defy the Speaker when ordered to be appropriately dressed in the chamber. This is the first time that this has occurred that I know of. I will have to take instruction from the clerks if there have been other occasions where this has occurred. But I will refer this to the Speaker for him to determine what appropriate action should be taken.

Mr SLIPPER—We all await the ruling of the Speaker with great interest. In conclusion, there is a practical problem with the Senate request with respect to the life gold pass bill 2002, and that is that the wording of the proposed request is very poor. For example, if a life gold pass holder were to die, it is possible that he could have both a de jure and a de facto spouse, both of whom would be able to access the widow's benefit of life gold pass travel under Labor's proposed amendment.

Mr Melham interjecting—

Mr SLIPPER—No, this is the advice. It is poorly worded, and the government does not accept the request from the Senate. I

have moved that the requested amendment be not made.

Mr MELHAM (Banks) (6.23 p.m.)—I will read into the record the request by the Senate for amendment to the **Members of Parliament (Life Gold Pass) Bill 2002**. It is:

... omit the definition of *spouse*, substitute:

spouse in relation to a person includes another person who, although not legally married to the person, lives with the person on a bona fide domestic basis as the husband or wife of the person.

I should point out that the opposition does support this request from the Senate. It is anomalous that parliament should pass legislation in the 21st century which uses a definition of spouse which goes back to the last century. The definition of spouse which the opposition is proposing to use in this bill is that used in the Parliamentary Entitlements Act 1990. I repeat, for the benefit of the Parliamentary Secretary to the Minister for Finance and Administration, who is at the table, that the opposition is proposing to use, in this bill, the same definition that is used in the Parliamentary Entitlements Act 1990. For the sake of consistency and equity, we believe this same definition should be used in the life gold pass bill.

I should also note that the definition was recommended unanimously by the Senate Finance and Public Administration Legislation Committee, which examined this bill. I repeat, for the parliamentary secretary at the table, that it was recommended unanimously by the Senate Finance and Public Administration Legislation Committee. For the further information of the House, that committee has a government majority; it is not an opposition controlled committee. What I suggest to the government is that they go away and really pick up this request from the Senate.

Mr SNOWDON (Lingiari) (6.25 p.m.)—With due deference, I apologise for not having a coat on, but I have not left after the division, and the **Members of Parliament (Life Gold Pass) Bill 2002** was the first matter after the division. I am sure you will appreciate that and, when you refer the matter to the Speaker, I am sure that he will appreciate it. He will appreciate that there are

other members in the House without coats on because they have not left after the division.

The DEPUTY SPEAKER (Ms Gambaro)—I was going to name the member for Blaxland as well.

Mr SNOWDON—You do not name anyone then, Madam Deputy Speaker. I want to speak on this because I think it is an affront, frankly. I and others in this place have lived in relationships—in my case for 21 years—with a de facto spouse. We have four children. I do not ever expect to get a gold pass, to be frank with you. But what I do expect is to be treated equally and fairly. I do not believe that the government, in all conscience, can say to the Australian community that people who live in loving relationships and raise families with de facto spouses ought to be discriminated against in the way in which the government proposes.

There is an absolute double standard being applied here, because it appears to me that we now have a definition of family being incorporated into this legislation. What the government is saying is that it is no longer acceptable in this country, in terms of the government's own definition, to have families defined as people in de facto relationships. If it were seen as appropriate by the government to define families as people in de facto relationships, they would support this proposal. There has been no fair and reasonable justification given by the government as to why they should oppose this proposition. I say this because people like me and my partner chose not to be married. We took a deliberate choice to live in partnership, and we continue to live in partnership. We have four children, whom we love and whom we are very proud of. I do not think that they would say to you, to the parliamentary secretary at the table or to the minister, that they see anything extraordinary about our relationship. They would say, 'You are our mother and our father.'

Mr Melham—We know; there is no secret to it.

Mr SNOWDON—That is correct. And there is no second prize.

Mr Melham—Poor old Elizabeth!

Mr SNOWDON—My poor spouse! I just request that the parliamentary secretary reconsider his position and that of the government, treat the Australian population as it should treat them, and accept that families may be other than those who are married formally and may be people who live in de facto relationships with children, and happily so, as I do. I do not believe we should be discriminated against because the government has it in its mind that it should do so—especially, as the member for Banks has pointed out, as this is a unanimous recommendation of the government's responsible committee in the Senate.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.28 p.m.)—I certainly will not delay the House for long, but I want to point out that this bill does not seek to define the question of family.

Mr Snowdon—But you do.

Mr SLIPPER—The member for Lingiari is wrong in that respect. I also point out that it would break with more than 25 years of accepted practice for a parliament to seek to set the criteria for life gold pass eligibility. If the honourable member for Lingiari or the member for Banks—or, for that matter, any other person—wishes to seek to expand the definition of spouse for life gold pass travel then the appropriate mechanism to do so is through a submission to the Remuneration Tribunal. I also wish to emphasise that the purpose of this bill is to limit, not to extend, benefits pursuant to the life gold pass.

Mrs CROSIO (Prospect) (6.29 p.m.)—Further to this debate on the **Members of Parliament (Life Gold Pass) Bill 2002**, I cannot understand or appreciate why the government is not accepting this amendment. It is all very well for the parliamentary secretary to inform us in this parliament that something should go through the Remuneration Tribunal, but I would like to reiterate to the parliament, as someone that has been 'legally married'—in your terms, Sir—for 46 years, that I see nothing wrong with what the Senate seeks in its amendment.

We also have to realise that a member of this parliament who has a legal partner can

nominate that partner to be their travel companion during the term of their life as a member of this parliament. They do it continually and they, as members of parliament, nominate that person, who happens to be their partner, to travel with them or to accept the privileges bestowed on a spouse, in my case, or on a partner, in other people's cases. I cannot understand, when commonsense finally prevailed in the Senate and the amendment has come back down to the House, why the government would use an example like this not to accept this particular term.

I do not think it is up to us today in 2002 to start passing judgment on what we declare legally married or not. We know what the terms are as far as the courts are concerned. We know what the terms are in society. Whether we agree or not, the fact of the matter is that people of today choose religious and personal ceremonies. More importantly, if a person makes a commitment to another person, who are we in this parliament to condemn them for the action they have taken? Who are we in this parliament to say that we will not accept what you have chosen to do in accepting that relationship with your partner? We will accept it if you are still a member of the parliament, but, if you retire, forget it—they are no longer going to be accepted. I think this is wrong and I would ask the government to take it back and reconsider it.

Question put:

That the requested amendment be not made.

The House divided. [6.35 p.m.]

(The Speaker—Mr Neil Andrew)

Ayes.....	76
Noes.....	<u>57</u>
Majority.....	19

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Bailey, F.E.	Baird, B.G.
Baldwin, R.C.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.

Charles, R.E.	Ciobo, S.M.
Cobb, J.K.	Draper, P.
Dutton, P.C.	Elson, K.S.
Entsch, W.G.	Farmer, P.F.
Forrest, J.A. *	Gallus, C.A.
Gambaro, T.	Gash, J.
Georgiou, P.	Haase, B.W.
Hardgrave, G.D.	Hartsuyker, L.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Hunt, G.A.
Johnson, M.A.	Jull, D.F.
Katter, R.C.	Kelly, D.M.
Kelly, J.M.	Kemp, D.A.
King, P.E.	Ley, S.P.
Lindsay, P.J.	Lloyd, J.E.
Macfarlane, I.E.	McArthur, S. *
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Panopoulos, S.
Pearce, C.J.	Prosser, G.D.
Pyne, C.	Randall, D.J.
Ruddock, P.M.	Schultz, A.
Secker, P.D.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Thompson, C.P.	Ticehurst, K.V.
Tollner, D.W.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.

NOES

Adams, D.G.H.	Albanese, A.N.
Beazley, K.C.	Bevis, A.R.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crosio, J.A.	Danby, M. *
Edwards, G.J.	Ellis, A.L.
Emerson, C.A.	Evans, M.J.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	George, J.
Gibbons, S.W.	Gillard, J.E.
Grierson, S.J.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Irwin, J.	Jackson, S.M.
Jenkins, H.A.	Kerr, D.J.C.
King, C.F.	Latham, M.W.
Lawrence, C.M.	Livermore, K.F.
Macklin, J.L.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Mossfield, F.W.	Murphy, J. P.
O'Connor, B.P.	Plibersek, T.
Price, L.R.S.	Quick, H.V. *
Ripoll, B.F.	Roxon, N.L.
Sawford, R.W.	Sercombe, R.C.G.

Sidebottom, P.S.	Smith, S.F.
Snowdon, W.E.	Swan, W.M.
Tanner, L.	Thomson, K.J.
Vamvakinou, M.	Wilkie, K.
Zahra, C.J.	

* denotes teller

Question agreed to.

**MEDICAL INDEMNITY AGREEMENT
(FINANCIAL ASSISTANCE—BINDING
COMMONWEALTH OBLIGATIONS)
BILL 2002**

Second Reading

Debate resumed from 26 June, on motion by **Mr Slipper**:

That this bill be now read a second time.

Mr STEPHEN SMITH (Perth) (6.41 p.m.)—The opposition supports the **Medical Indemnity Agreement (Financial Assistance—Binding Commonwealth Obligations) Bill 2002**. The purpose of this bill is to appropriate funds for payments in accordance with an indemnity agreement between the Commonwealth and United Medical Protection, UMP, and its wholly owned insurance subsidiary, Australian Medical Insurance Limited, AMIL, and to confirm the government's commitments relating to UMP and AMIL. Members would be aware that, prior to its provisional liquidation, UMP-AMIL was the largest medical insurer in Australia, with coverage of approximately 60 per cent of medical practitioners nationally and 90 per cent in New South Wales and Queensland.

The bill confirms the arrangements previously announced by the government and gives the arrangements legislative effect. It provides for an appropriation out of consolidated revenue for the purpose of payments in accordance with the bill. These will be payments when required under a medical indemnity agreement between the Commonwealth, UMP and AMIL and an insolvency representative of both companies. The actual extent of the payments required by the Commonwealth is not known. As the bill facilitates arrangements previously announced by the government to ensure continuity of medical indemnity insurance cover for doctors insured with UMP and AMIL, it is supported by the opposition.

The opposition does, however, have a range of concerns in respect of the government's handling of this matter and the medical indemnity insurance issue generally. As a consequence, I propose to move a second reading amendment, which I will detail to the House now. The amendment proposes:

That all words after 'That' be omitted with a view to substituting the following words:

'while supporting the provisions of the Bill, the House:

(1) condemns the Government for not adequately recognising the medical indemnity insurance problem and not acting quickly enough to address its adverse effects, including higher medical costs and reduced availability of services for Australians and their families;

(2) recognises the ongoing problems in the general insurance, reinsurance and medical indemnity insurance industries and that confidence in those industries has been rocked by the collapse of HIH and the provisional liquidation of UMP/AMIL; and

(3) calls on the Government to:

(a) assume a leadership role in the co-ordination of reforms necessary to State and Territory laws with the aim of uniformity in tort law reforms;

(b) consider putting in place a national scheme to ensure the long term care and rehabilitation needs of catastrophically injured Australians;

(c) ask the ACCC to ensure that whatever changes occur in medical indemnity insurance, no unfair or unreasonable oncosts flow to patients for the cost of their health care;

(d) play a more active role in bringing together medical defence organisations and representing them in negotiations with reinsurers;

(e) support APRA with appropriate resources to fulfil a greater regulatory role in medical indemnity insurance;

(f) require mandatory reporting of negligence claims and national data collection on health care negligence cases to help assess where major problem areas and issues lie;

(g) promote the enactment of national 'open disclosure' legislation, including provision that an apology made as part of an open disclosure process is inadmissible in an action for medical negligence; and

(h) ensure that medical services provided by private hospitals, midwives, family planning clinics and aboriginal medical services are not disrupted due to a lack of appropriate and affordable insurance.'

Before the conclusion of my remarks, I will formally move that second reading amendment on behalf of the opposition—and hopefully the colleague who is present will second it.

The SPEAKER—I am confident that you will be in good hands.

Mr STEPHEN SMITH—I know I am in good hands, Mr Speaker. It is worth going through the chronology of events relating to UMP and AMIL so that the parliament and the community can appreciate the government's mishandling of this issue. In November 2000, UMP announced at its annual general meeting that it would call on members to contribute an extra year's subscription, spread over five years, with an estimated total of \$75 million, and that premiums would increase by eight per cent. In March 2001, following HIH Insurance seeking voluntary liquidation, the chief executive of UMP is reported to have stated that UMP had applied a worst-case scenario to its current balance sheet and found that it continued to exceed the solvency requirements of the industry regulator—which is APRA, of course.

In June 2001, UMP announced that it had written off \$30 million due to the collapse of HIH, with that figure being based on a return of 46 cents in the dollar. At this level of return, UMP was confident that it could continue to satisfy APRA's requirements. However, it was also reported at the time that no calculation had been made for the situation if there was no return from HIH, in which case the loss would be \$56 million. In November 2001, it was reported that UMP had not recorded approximately \$455 million of incurred but not reported—IBNR—claims which it expected to pay over the next 20 years. In December 2001, UMP announced substantial premium increases, with average increases of 52 per cent. The increases were higher for some specialists, such as obstetricians and neurosurgeons, where they ranged from 36 per cent to 123 per cent. UMP sought to justify the increases by referring to increased reinsurance costs and some unexpected higher payouts.

In February 2002, UMP announced that, after appointing an inspector to AMIL, it was directing AMIL to raise additional capital by

30 June 2002 to ensure that it met the minimum capital requirements under the Insurance Act 1973. AMIL's capital reportedly had fallen from \$118 million on 30 June 2001 to \$38 million by the end of calendar year 2001, and APRA directed this to be raised to \$68 million by the end of the financial year of 2002. In March 2002, the Minister for Health and Ageing and the Assistant Treasurer jointly announced that the government would provide a short-term guarantee of up to \$35 million to enable AMIL to meet its capital requirements on 30 June 2002. In April this year, UMP sought further government assistance, including assistance to enable directors to obtain personal liability insurance. On 22 April this year, in a letter to UMP-AMIL, the Prime Minister stated:

... in light of the continued deterioration in the Group's financial position, the government has decided that it would be inappropriate to provide the assistance you have sought.

The Prime Minister also noted in his letter that, should UMP and AMIL go into provisional liquidation, the government would work urgently with the liquidator to ensure members were covered while a long-term solution was developed.

Members will appreciate from that history of events that the government has been more than sufficiently placed on notice—since at least November 2000—about the difficulties associated with UMP and AMIL.

On 29 April, UMP-AMIL announced that it would seek to have a court appoint a provisional liquidator to the group. On the same day, the government announced that it would provide a short-term indemnity to UMP-AMIL to allow members of UMP-AMIL to continue practising. The AMA's concerns about the nature of the government's guarantee led some medical practitioners to defer patient treatment and cancel operations due to uncertainty about their insurance coverage.

Let us look at the second aspect of the mismanagement of this matter by the government. On 29 April, when UMP announced it was seeking provisional liquidation, Assistant Treasurer Coonan conceded that the government had no plan to guarantee the ongoing provision of medical services

and that the government could not bind future governments. That sent shock waves through 32,000 GPs and specialists insured by UMP. The government's confusion about its own position gravely undermined the confidence of the medical profession when what was urgently required at that time was certainty and reinsurance. The Prime Minister said that the government's guarantee would be backed up by legislation, which was news to all concerned, particularly Assistant Treasurer Coonan. At the time, Assistant Treasurer Coonan promoted consideration of a special levy on doctors, despite the Prime Minister ruling it out at the time. Treasurer Costello weighed in by singling the doctors out for special attack; the Prime Minister said it was no one group's fault.

At the time of the announcement of provisional liquidation of UMP, the inadequate response by the government ensured that the profession was rocked by lack of confidence. As a consequence, we saw a breach of the guarantee previously given by the Prime Minister that there would be no disruption to medical services as a result of the difficulties of UMP or AMIL.

Subsequently, on 1 May, the Minister for Health and Ageing wrote to doctors to explain why they should have complete faith in the government's guarantees for coverage for the period 29 April to 30 June 2002. That letter contained the reference to the government's proposal to enact legislation. At the time the government indicated that it would legislate to underline the guarantee, on behalf of the opposition I made the point that that legislation would certainly be supported by the opposition. In terms of certainty for the profession, the one thing that was required from the opposition was given instantly. The government, on the other hand, had been on notice since at least November 2000 as to the inadequate position so far as UMP and AMIL were concerned.

On 22 May this year, interim arrangements for the payment of some claims were entered into and approved by the Supreme Court of New South Wales. Following that, on 31 May, the Prime Minister announced an extension of the guarantee—which had originally been given to the end of June

2002—to 31 December 2002, on modified terms. These arrangements allow the provisional liquidator to meet claims notified in the period 29 April to 31 December 2002 under an existing or renewed claims made policy, renew policies on a claims made basis for the period until 31 December 2002 and continue to meet claims that were notified before 29 April 2002 and were properly payable in the period 1 July 2002 to 31 December 2002.

The Prime Minister also announced that the Commonwealth would introduce a levy to fund any liability incurred by the Commonwealth under a medical indemnity agreement, as a result of the measures above and as part of a broader levy to meet the unfunded IBNRs of medical defence organisations. We are yet to see the details of those provisions.

Mr Speaker, you can see from the history of UMP and AMIL, and the response of the government to the announcement by UMP-AMIL that it was going into provisional liquidation, that the government's inadequate handling of those matters saw a rocking of confidence so far as the profession was concerned. That led to a disruption of medical services.

As I have indicated, the provisions of this bill are supported, but debate on this bill allows the parliament the opportunity to cast its mind to the broader issue of medical indemnity insurance and the adverse effects of medical indemnity insurance problems on the provision of medical services.

Medical indemnity is not just an issue for doctors but one that directly affects the availability and affordability of medical services for all Australians. For this reason, it is properly regarded as a national issue that requires a national response led by the Commonwealth. Unless medical indemnity insurance is available to doctors at affordable levels, doctors will no longer offer bulk-billing to their patients and will charge a copayment. In the case of GPs, this will result in people who cannot afford to pay for a visit to the doctor not being able to access the primary and preventative care that they need. There will be an exodus of doctors from the profession as they retire early, and

new doctors will choose not to enter high risk specialties.

Because the Howard government has neither adequately recognised the problem nor acted quickly enough to address it, we are already witnessing some of these adverse effects. Unless and until long-term substantial reforms are put in place, the crisis in confidence within the medical profession will continue, and ultimately Australian patients will suffer through both reduced availability of medical services and higher prices. We now know that some patients are being asked by specialists to make up-front payments before surgical procedures are carried out. Some patients are being advised that these payments are necessary to meet the costs of medical indemnity insurance, that bookings cannot be completed until payment is made and that the payment is not rebatable by the patient's private medical health insurer. There have also been reports of general practitioners who have taken matters into their own hands by deciding to charge patients an indemnity levy ranging from \$2 to \$6 each time they visit and assessed for each patient based on considerations such as the length of consultation, the financial status of the patient and the legal risks associated with the particular treatment. Other GPs have been reported to have asked patients for donations to cover their increased medical indemnity costs.

Rising insurance premiums have also contributed to the decision by many GPs to cease bulk-billing and charge a copayment or to increase the level of the existing copayment. Patients who wish to see a GP now find that fewer and fewer GPs are bulk-billing, and there is a real danger that the pressure that rising medical indemnity premiums put on general practices will cause our declining rates of bulk-billing to go into free fall. It is not just the problems and difficulties of medical indemnity insurance and it is not limited to general practitioners or specialists. Private hospitals, midwives, family planning clinics and Aboriginal medical services have also reported difficulties in obtaining insurance necessary to fulfil their responsibilities. It is inevitable, if this trend continues, that more Australians will need

treatment in our public hospitals for far more serious conditions which could have been otherwise prevented.

While the crisis in medical indemnity insurance was publicly brought to a head by the financial difficulties experienced by UMP and AMIL and the appointment of the provisional liquidator earlier this year, general problems with respect to medical indemnity insurance are not of recent origin. In 1991, a review of professional indemnity arrangements for health care professionals was established, chaired by Fiona Tito. This review was responsible for examining the arrangements relating to professional indemnity and experience with compensation for medical misadventure. The report was completed at the end of 1995 and released publicly in January 1996. Among other things, the Tito report recognised the importance of effective and ethical communications between health care professionals and patients; identified the need to develop evidence based medicine and define best practice using tools such as clinical practice guidelines; called on health care institutions to develop systems for error identification and analysis and deal with errors in a positive manner; identified the tendency for doctors to practise 'defence medicine'; discussed the need to ensure that people with severe disabilities obtained early access to rehabilitation services; recommended the wider use of structured settlements; recommended that medical defence organisations use common accounting and reporting standards to ensure that members and policy holders could assess their relative financial strengths and that products were offered in a fair and accurate way; recommended the establishment of an MDO fund to cover the cost of claims incurred but not reported, IBNRs, by a specified date—known in the trade as the 'tail'.

The Tito report remained largely, if not exclusively, ignored by the government, and its recommendations were not acted upon. In the lead-up to the last federal election in November 2001, Labor recognised the need for action in the area of medical indemnity insurance and identified areas for reform. Labor's reform package for medical indemnity was announced in July 2001 and included the

following recommendations: reduce the frequency of medical injuries by setting national benchmarks and guidelines and promoting the use of information technologies to help doctors decide on the best treatment and avoid misdiagnosis or incorrect diagnosis; promote structured settlements by changing the tax treatment of periodic payments to ensure injured patients have adequate regular payments to cover their health care costs for the rest of their lives; establish a national database on health care litigation to target the problem areas and to ensure that adequate support mechanisms are in place; seek consistent state and territory reforms to legislation covering court procedures, the calculation of damages and the regulation of medical indemnity organisations; tighten the prudential regulation of medical indemnity insurance to ensure that all funds operate soundly and have transparent accounts; remove the open discretion held by some medical defence mutuals to decline coverage; require all doctors to hold the appropriate insurance for the work they undertake, reducing red tape by harmonising requirements for doctor registration; improve risk management by medical indemnity funds, including working for the royal colleges to reduce the rate of medical injuries and provide incentives for quality practice; and refer the current problems with indemnity insurance for midwives to the Senate inquiry into nursing to look at options to ensure that home births remain an option for expectant mothers.

The Howard government was very reluctant to play a role in addressing these issues and only took its initial steps following its re-election in November 2001. On 19 December 2001, the Prime Minister belatedly announced a national medical indemnity insurance summit, but the government then failed to progress the issue until the summit convened on 23 April 2002. Indeed, on the eve of the summit, the Minister for Health and Ageing, Senator Patterson, told the *Australian* newspaper that it was not her job to develop a policy to fix the problem. She said: The government is really the facilitator and we expect the states, the insurers, the doctors and the patient groups to come up with suggestions for significant policy changes.

The summit's communique did little more than announce that work would begin on a range of issues—issues that had been identified in Labor's medical insurance policy package released on 31 July 2001 and very many of which had been identified by the Tito report a number of years earlier.

It is arguable that the only positive step that the government have taken until this time, other than with this bill, has been the passage of legislation through this House to encourage structured settlements by removing the well-known tax disadvantages. Because the problems surrounding rising medical indemnity insurance premiums are complex, there is no single solution. Action is required by both the federal and state governments, and changes are required of medical defence organisations, doctors and lawyers. A comprehensive plan for solving the medical indemnity crisis must be coordinated at the Commonwealth level and requires cooperation and agreement with each of the states on necessary reforms in each jurisdiction to complement the national approach. Earlier this year, each state and territory government moved to implement reforms, in particular to the law of negligence in each jurisdiction.

New South Wales has been most aggressive in its tort law reforms and has been held out as a model for other states to follow. Federally, Labor has repeatedly called on the Howard government to assume a leadership role in the coordination of reforms necessary to state and territory laws and highlighted the desirability of achieving uniformity of tort law reforms. Labor has also called on the government to act in those areas for which it has responsibility, including dealing with issues of quality and safety of medical care, the establishment of a scheme for the care of catastrophically injured Australians and a heightened role for the ACCC in ensuring that patients do not unreasonably bear the increased cost of medical indemnity insurance.

Recently, two reports commissioned by the Commonwealth with the agreement of the states have made a number of recommendations for action. On 30 May 2002 at a meeting between Assistant Treasurer Coonan

and state treasurers, the Commonwealth, the states and the territories agreed to jointly appoint an expert panel of eminent persons to examine the law of negligence, including its interactions with the Trade Practices Act. That report, known as the Ipp report, was released on 30 August 2002.

Whilst that first Ipp report was directed at the issue of public liability insurance generally, it made a number of recommendations specific to medical indemnity insurance. These included: firstly, a reaffirmation of the traditional defence against medical negligence—namely, that the treatment provided by a practitioner was in accordance with opinion held by a significant number of respected practitioners in the field, unless the court considered that that opinion was irrational, and that is known in the trade as a modified version of the Bolam principle; secondly, confirmation that negligence should be dealt with under the circumstances, including the state of medical knowledge, at the time of the alleged incident; thirdly, a clarification of the duty of doctors to inform their patients by creating a model for the provision of proactive and reactive information about treatment; fourthly, the removal of a plaintiff's right to sue for obvious risk, even if that risk is of low probability; fifthly, the introduction of a rule that a notice be given prior to any claims being made against a doctor; sixthly, the introduction of a trial of court appointed expert witnesses; and, seventhly, a statute of limitation period of three years from the date of discoverability—the date at which a reasonable person should have known of the injury—with a long period of 12 years, with various safeguards, for the severely impaired.

The Ipp report that I have referred to was the first of two reports issued by that group, and the first report is the one which is most relevant to the issue of medical indemnity insurance. That report was warmly welcomed by the medical profession, in particular the recommendation that, in deciding cases of negligence, courts should be required to pay greater heed to generally accepted medical opinion held by medical experts in the field at the time of the incident.

The second report to which I have referred, which was specific to issues of medical indemnity insurance, was commissioned by the Australian Health Ministers Advisory Council, AHMAC. That report was released on 18 September and was entitled *Responding to the medical indemnity crisis: an integrated reform package*. It was an options paper prepared on behalf of the AHMAC Jurisdictional Working Party on Medical Indemnity. Just as I welcomed the release and the thrust of the first Ipp report, I also generally welcomed the release and the thrust of the report of the AHMAC working party on medical indemnity. That report was chaired by Professor Marcia Neave of the Victorian Law Reform Commission. The reforms proposed by the report aim to: improve patients' safety and minimise the likelihood of patient injury; reduce the need to litigate and encourage early finalisation of disputes; provide fair compensation to those injured as a result of medical negligence; and ensure affordable and sustainable premiums.

Recommendations of the report include: the implementation of an open disclosure legislation regime, including a provision that an apology made as part of an open disclosure process is inadmissible in an action for medical negligence; the introduction of processes designed to resolve as many cases as possible prior to the lodgment of a claim; encouraging methods of alternative dispute resolution rather than the use of adversarial court processes; the introduction to all courts of better options relating to the better use of expert witnesses; primary medical education and continuing medical education to place emphasis on doctor-patient communication; long-term care costs to be removed from the tort system and provided through statutory entitlements for people with catastrophic disabilities; prohibition of legal advertising that promotes the idea that compensation is an essential lottery win or a pot of gold at the end of the rainbow and consideration by the Standing Committee of Attorneys-General of a national advertising framework; that MDOs and any insurers or other organisations providing professional indemnity cover for health care providers be required to provide 'claims incurred' cover to individual health providers, on the basis that that pro-

vides greater certainty of cover to providers and consumers; medical defence organisations and insurers to be able to charge an additional premium for poor claims or incident history; and improved data collection and reporting requirements.

Professor Neave's group declined to recommend any change to the present law under which the court determines on the evidence before it what the standard of care is and whether the standard was breached, putting it at odds with a key recommendation of the Ipp report—the modified Bolam principle. I have made it clear publicly and privately that I think that the recommendation of the Ipp report in that respect is a much more sensible road to go down, and I think that has generally been reflected by the approach adopted by the states. I welcome the general thrust of both these reports, as I have said, and have called upon the government to urgently put detailed reforms in place to the extent that they fall within Commonwealth responsibility and to encourage uniform state and territory reform in areas beyond Commonwealth responsibility.

There are a range of other proposals for further Commonwealth action that can be made. While many of the reforms that are necessary to address the problem of medical indemnity insurance fall within state responsibilities, there are a number of issues on which the government should act in addition to playing a greater leadership role in coordinating the reforms which need to be put in place at a state level, preferably on a uniform basis. There are a number of these actions that I have been highlighting for some time, and the first is improvements to the quality and safety of medical practice by improving clinical outcomes and reducing clinical risk.

While much of the debate about medical indemnity insurance has focused on the need for tort law reform, comparatively little attention has been given to reducing the number of adverse events through the encouragement of safer medical practices. Improvements in the quality and safety of medical care would lead to better health outcomes for patients and reduce the likelihood that doctors will be sued for inappropriate treatment. Ensuring that mechanisms are in

place to improve the quality and safety of medical practices is clearly within Commonwealth responsibility, and improving clinical outcomes and reducing clinical risk will only come from a greater national focus led by the Commonwealth.

There are a range of things that the Commonwealth can effect to promote that outcome, including: promoting national open disclosure legislation; requiring mandatory reporting of claims and national data collection; requiring the medical profession to develop nationally acceptable clinical practice guidelines; working with universities to ensure that medical education places emphasis on improving the doctor-client relationship; and developing performance indicators relevant to patient safety, adverse events and quality assurance in the Australian health care agreements up for renegotiation in the course of the next 12 months or so.

The Commonwealth could also consider the establishment of a national system for long-term care of the most catastrophically injured. The number of people who suffer catastrophic medical injury is very small, but their needs are high and costs are great. Complex cases involving catastrophically injured people take years to resolve through the courts and waste thousands, if not millions, of dollars in legal fees. These cases place a disproportionate burden on the cost of medical indemnity insurance, and the Commonwealth considering putting in place a catastrophic injury scheme would be a significant contribution to stemming the exponentially increasing premiums for medical indemnity insurance. I have suggested that the Commonwealth consider this, particularly in areas involving brain and spinal injury and obstetrics. Resolving these cases through normal negligence channels contains substantial disincentives for early rehabilitation, and there is no guarantee that the award of substantial sums of money means that the much-needed medical services are provided in the long term to the catastrophically injured individual.

As well, the Commonwealth could directly assist medical defence organisations to obtain reinsurance. There is, in my view, a significant role for the Commonwealth in

assisting medical defence organisations to secure reasonably priced reinsurance. Australia has a multiplicity of generally state based organisations that provide medical indemnity insurance. With a more united front, Australian medical defence organisations would be more likely to succeed in obtaining more affordable reinsurance, helping to keep the cost of medical indemnity insurance from exponentially increasing.

The Commonwealth could also effect changes to the way in which medical indemnity insurance is regulated. Medical indemnity insurance is provided by a small number of state based medical defence organisations which traditionally have offered doctors 'membership' rather than 'insurance'. One of the more effective ones is the Medical Defence Association (WA), which operates in my own state. But, because of the state based nature of the industry to date, regulation by APRA, the Australian Prudential Regulation Authority, has until recently been poor. APRA has recently moved to increase its regulation of the medical defence organisations, including by requiring MDOs to cease discretionary cover and requiring insurance contracts, and obtaining undertakings from all MDOs that have the effect of bringing them under direct APRA regulation. But the Commonwealth could improve the regulatory arrangements by supporting APRA with appropriate resources to fulfil this greater regulatory role.

The Commonwealth could also ensure that MDOs and any insurers and other organisations providing professional indemnity cover for health care providers be required to provide 'claims incurred' cover to individual health care providers, because that provides greater certainty cover to the providers and consumers. The Commonwealth could also allow MDOs and insurers to charge additional premiums for poor claims or incident history to provide incentives to those practitioners who deliver quality and safety in their medical services.

The Commonwealth could also ensure the prevention of price exploitation as a result of increased premiums, with a role for the ACCC. As I have indicated, some patients are now being asked to make up-front pay-

ments and, whilst it is expected that medical service providers will not be able to absorb the increased cost of medical indemnity insurance, the Commonwealth should ensure that the ACCC ensures there is no price exploitation so far as the oncosts of these matters are concerned.

That I think comprehensively covers the second reading amendment which I foreshadowed at the commencement of my remarks. I again indicate the opposition's support for the bill and I move:

That all words after "That" be omitted with a view to substituting the following words:

"while supporting the provisions of the Bill, the House:

- (1) condemns the Government for not adequately recognising the medical indemnity insurance problem and not acting quickly enough to address its adverse effects, including higher medical costs and reduced availability of services for Australians and their families;
- (2) recognises the ongoing problems in the general insurance, reinsurance and medical indemnity insurance industries and that confidence in those industries has been rocked by the collapse of HIH and the provisional liquidation of UMP/AMIL; and
- (3) calls on the Government to:
 - (a) assume a leadership role in the co-ordination of reforms necessary to State and Territory laws with the aim of uniformity in tort law reforms;
 - (b) consider putting in place a national scheme to ensure the long term care and rehabilitation needs of catastrophically injured Australians;
 - (c) ask the ACCC to ensure that whatever changes occur in medical indemnity insurance, no unfair or unreasonable oncosts flow to patients for the cost of their health care;
 - (d) play a more active role in bringing together medical defence organisations and representing them in negotiations with reinsurers;
 - (e) support APRA with appropriate resources to fulfil a greater regulatory role in medical indemnity insurance;
 - (f) require mandatory reporting of negligence claims and national data collection on health care negligence cases to

help assess where major problem areas and issues lie;

- (g) promote the enactment of national "open disclosure" legislation, including provision that an apology made as part of an open disclosure process is inadmissible in an action for medical negligence; and
- (h) ensure that medical services provided by private hospitals, midwives, family planning clinics and aboriginal medical services are not disrupted due to a lack of appropriate and affordable insurance."

I hope that my colleague the member for Fraser and shadow Assistant Treasurer will second the amendment.

The SPEAKER—Is the amendment seconded?

Mr McMullan—I have given it serious consideration, Mr Speaker, but on balance I have decided to second it, yes.

Mr CADMAN (Mitchell) (7.11 p.m.)—I am delighted to see that there is some doubt in the Australian Labor Party about whether its own amendments are worth backing, and I would have to say that I share those views. The whole problem that has been created with medical insurance really started with the problems identified in HIH. I guess there was an indication prior to the demise of HIH that some difficulties did exist with the medical defence organisations and the organisation UMP-AMIL, which really is an organisation created by the membership of doctors and by their paying a subscription to cover their insurance. The government became aware of some of these issues back in November 2000.

But the whole of this argument about medical insurance, medical indemnity and what doctors do to protect themselves against claims of negligence, hurt, unjust actions or inappropriate treatment has been muddied to a great extent by the style of the insurance that they have adopted. It is not a regular insurance process. Certain statements were made throughout this year, particularly when claims were made that the government should come in and lend support—and the government ultimately came in and gave support to UMP to the tune of \$30 million to \$35 million. The chairman of UMP at that

stage said that the company was basically sound and there were no problems with it. I thought they were pretty irresponsible statements for the chairman of UMP to make because, within a couple of weeks of making them, he declared that that organisation was facing the liquidator. I think the management of UMP and the whole process of indemnity and insurance for doctors did need attention, and I am concerned that we get it right for ongoing coverage.

The Prime Minister's statement—I have a copy of it here—which was made on 31 May 2002 covered or sought to cover the whole ground of what was going on and to give some comfort to those seeking medical indemnity and coverage from the insurance market. The government gave guarantees that any problems created by the failure of UMP would be picked up by the government. That was not a completely comprehensive statement because in fact there were prospects that were quickly identified by doctors and specialists of those claims which may not be identified for another 25 years, and the long process of coverage which seemed to be dealt with by the Prime Minister's statement meant that there had to be an extension to the process to make sure that no doctor was left stranded.

I was particularly focused in this area because of a message from an acquaintance, Dr Michael Fearnside, who is a specialist at Westmead. Dr Fearnside pointed out to me in an email at that time that there were only nine neurosurgeons working in the whole of Western Sydney and that they were servicing a population the same size as the rest of Sydney, approximately 50 per cent, but on the eastern side of Sydney there were 30 neurosurgeons servicing the community. So there were a smaller number serving the west and they were exposed by the huge premiums, looking at something like \$70,000 to \$100,000 a year before they opened their doors, having to find that amount of money and then facing the risk or uncertainty that sometime in the future, if one of their delicate operations were tested in the court and seen as possible negligence or some practice that was not appropriate, then they were liable to a claim against their work.

All of this I think was completely unreasonable and was brought about by a number of factors. The Prime Minister was perfectly right when he said that nobody was completely to blame. There were a number of reasons. I think the lawyers have blame to carry. I think the insurance companies and UMP have blame to carry. I think the medical profession themselves, by not taking proper care of their own insurance, have blame to carry. So the Prime Minister's words at that point, when he issued on behalf of the government the assurances that doctors were going to be properly looked after by the Commonwealth so that the failure of UMP would not bring on doctors unnecessary hardship, were a fair statement.

The government has a scheme which covered a number of factors. The Prime Minister drew attention to coverage of claims in the period 29 April to 31 December 2002; the continuance of meeting claims notified before 29 April 2002 and properly payable in the period 1 July 2002 to 30 September; and working with the states to provide a framework and mechanisms that would give insurers greater certainty, including substantial tort law reform to contain the cost of claims, to reduce the need for litigation and to encourage structured settlements rather than lump sums. As a result of a ministerial meeting on public liability, there were a range of measures to deal with the more serious high-cost claims, improve claims cost management and have better clinical risk assessment.

I believe the government acted very appropriately and in a timely fashion, except, I believe, for these high-risk characters, who carried an absolutely unbelievable risk factor. Talking to men and women who have spent a lifetime in service to the community, whether they be obstetricians or neurosurgeons, who carry a high risk and are seen as easy targets for claims, I can see that these professionals are extremely worried about their futures, and rightly so. I do not know what person in our community could be expected to accept the risk that sometime within a 25-year period they could have a claim running into many millions of dollars against the work that they perform. I know

that we in this House take some risks at election time, but none of the risks that we take amount to anything like the risks confronting neurosurgeons and obstetricians in particular when they were faced with the collapse of UMP.

It was with the help of Dr Fearnside that I realised the urgency of what was being done and the situation applying to the people of Western Sydney. I will quote from Dr Fearnside's email to me, sent on Sunday, 4 August when he was really stressed by the whole situation. He said:

I am well aware the Federal Government was caught very badly unprepared by this issue and has been playing catch up ever since. I hope it has.

Those were Dr Fearnside's thoughts at that time. He concluded his email by saying:

I will simply be going out of business next January if this is not solved. And I see no sign nor do I hear any whispers of a fair solution. And I am getting really desperate and very angry about it.

And rightly so. Here is a man who is the head of this profession, secretary of the neurological surgeons of Australia, and a brilliant individual. We face a chance of him not being able to practise at Westmead Hospital. Every one of those nine neurosurgeons in Western Sydney is priceless for young people and young families, particularly for those people who may have been caught up in motor accidents and who look to the skill of a neurosurgeon to repair the damage to their bodies created by motor accidents. So the government has done a great deal to get things back into a proper order.

I will read from a letter to me from the Minister for Revenue and Assistant Treasurer, the Hon. Senator Helen Coonan. She refers to the Prime Minister's announcement in May of the government's response to the medical indemnity insurance market's difficulties, including the proposal to fund the 'currently unfunded incurred but not reported claims':

Under this scheme, the Commonwealth will assume liability for all unreported incidents under 'claims incurred' policies, where there is not adequate provisioning for these liabilities. It will then recoup this liability through a levy on members of the relevant medical defence organisation

(MDO). All MDOs will be required to participate, but only to the extent of their unfunded liabilities. It is perfectly reasonable. The minister also refers to the forum of Commonwealth, state and territory governments, representatives of the medical and legal professions, consumer representatives and other interested parties held in April, where:

Health Ministers reaffirmed their commitment to structured settlements for damages awards to be paid on an annual basis as an alternative to lump sum payments.

This was one of the steps originally identified back in May by the Prime Minister, and here we have the minister responsible writing within the last few days and saying, 'The state ministers and I have dealt with this issue, and we are committed to the future, as set out by the Prime Minister, for structured settlements.' In her letter, the minister goes on to say:

Models to help catastrophically injured people with their long-term care costs are to be developed, as are appropriate legal and administrative initiatives, including tort law reform, aimed at encouraging an early resolution of claims outside the court system.

These areas for action are all being dealt with currently and put in place by the health ministers. The minister continues:

In addition, all participants at the Forum agreed to continue their commitment to quality, safety and risk management in health care, and to develop nationally consistent legislative proposals to ensure that a doctor's expression of regret is not construed as an admission of liability.

What could be more reasonable than that? Doctors are there to support and encourage; we would call it their bedside manner. What could be more traumatic for a family than to be confronted in the emergency ward with an accident involving a younger member of their family or to be faced with a drug overdose? If the doctor says that he regrets what has occurred, no liability should ever be incurred for that expression of sympathy and compassion by a professional trained to give support to people in need. The ministers have finally drawn a ring around some of the extraordinary claims and settlements that have blown the cost of medical indemnity insurance way off the planet. Senator Coonan also says in her letter:

Finally, Ministers have agreed in principle that a national database of medical negligence claims is to be established.

This will provide consistency for the legal profession and for judges. They can refer to the database and chalk up where they believe a particular case stands on the scale of negligence or hurt to the individual.

I am encouraged by what the government has done. I note with interest, however, that the AMA in Victoria are critical of the Victorian tort law reform. They issued a statement on 14 October which says, in relation to expressions of regret:

AMA Victoria notes the provision in the Wrongs and Other Acts (Public Liability Insurance Reform) Bill ... to ensure that an expression of regret does not constitute an admission of liability. The AMA's position ... is that such an apology should be inadmissible as evidence.

So in Victoria, they are not sure that the problem has been solved. Part of the difficulty with this issue is that so much of the responsibility lies with the states, and the minister has been trying to draw a consistent attitude from the states. For reasons that are easily understood, the AMA in Victoria are not satisfied with the Victorian government's response.

Within the last couple of days, members of the House have received a copy of *Review of the law of negligence: final report*. In the short time I have had in which to read it, I have found it fascinating. In trying to limit the extent of negligence claims, the definitions used in the report seem to be completely reasonable. As the review panel states in the report:

Here, and throughout our reports, we use the term 'negligence' to mean 'failure to exercise reasonable care and skill'. We use the term 'personal injury' to include (a) any disease, (b) any impairment of a person's physical or mental condition, and (c) pre-natal injury.

So we have the report that we have been waiting on, which will provide guidance for the future in its definition of negligence. It is interesting to read through the recommendations, because they cover a wide area relating to the medical profession and the provisions of this bill. The report provides the first significant coverage for the decisions that have

been made, with a projection to the end of this year and somewhere into the future. The report covers what people's expectations should be and provides procedural advice to put all its recommendations into practice. Its recommendations cover standard of care, duties to inform, suspending limitation of period and long-stop periods where minors and incapacitated persons are involved, survival of actions and their continuance, causation, contributory negligence, assumption of risk and duties of protection.

The report is a terrific contribution towards enabling reasonable legislative reforms and solutions to what is a vexing problem. It is bad enough to be a patient, but when patients cannot have access to the highly skilled professionals that they sorely need, it is a serious problem that this society, this government, this parliament and the state parliaments need to address. I commend the bill to the House. I reject the amendments; they are whitewash and unnecessary comment.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Griffith Electorate: Telecommunications Services

Mr RUDD (Griffith) (7.30 p.m.)—On Brisbane's south side, as in many communities around Australia, constituents are experiencing increasing difficulties in the adequacy and reliability of their local telecommunications services. With this in mind, I am in the process of launching a local survey of my constituents' experience of Telstra's ability to deliver effective, local telecommunications services. What has concerned me most as their local federal member is the fact that I have now a database of 350 of my local residents who have had active, direct and negative experiences of Telstra's delivery of local services. This simply, for my constituents, is not good enough.

We have problems in the reliability of local telephone lines and the servicing of those telephone lines, and across the entire range of telecommunications services. It raises the

question in the minds of my constituents as to why this is the case. Look at the way in which it conducts the management of the huge corporation—which it is. Telstra in the last year alone reduced its staff by something in the order of 4,000 and hundreds of millions of dollars have been cut from Telstra's capital outlays and capital expenditure and reinvestment in its own plant and equipment.

The Estens inquiry, which is currently underway, has received hundreds of complaints from Telstra consumers. We have problems which relate to data speed, broadband access, mobile phone coverage, general service difficulties and faults as well as the servicing of lines, which have become, in most cases, simply too antique to be in any sense reliable for the demands which are now placed on them. We have recently had the whole 'Seal the CAN' disaster where Telstra had used a gel, allegedly to protect the network, but discovered that in fact it was contributing to the deterioration of the network. Some tens of millions of dollars will now have to be expended to fix it.

This has come about because we have had a deterioration in the amount of Telstra's capital resources now being dedicated to reinvestment in the actual infrastructure and the service. We have had, instead, a government, complicit with Telstra management, increasing line rentals to try and claw back revenue. We have had massive increases in line rentals—something in the order of \$2 to \$3 increase per month in the month of August alone. The stated objective, I am advised, is to increase line rentals to something in the order of \$30 per month over the next few years. That would mean an increase from \$11 per month, which is what they were only one or two years ago. That is a staggering 200 per cent increase in line rental.

Why is all this occurring? It is occurring because it seems that the government, in conjunction with Telstra management, is keen on fattening Telstra's bottom line, with the prospect of privatisation down the road. Of course, the proposed quid pro quo for Telstra consumers was the government's suggestion that local call costs would fall—that has not been delivered. Telstra's own

ambition seems to be to not provide core telecommunications services anymore but, instead, for itself to become a huge telco-media player—and if the government succeeds in its objectives to change the cross-media ownership laws, we would see what Telstra would have for its future against that score.

We on our side of politics want to see Telstra concentrate on its core business. I, in my constituency of Griffith in Brisbane, do not want to continue to have literally hundreds of my local constituents coming to me with very basic problems about their dealings with Telstra. It is time Telstra attended to its core business. It is time Telstra dealt with the average needs of Telstra telecommunications consumers. That is its core business, that is why it is in its business and that is why the Australian public have invested so heavily in that business over many decades. I think it is time that local pressure was brought to bear across all of our electorates on Telstra management and the government as a shareholder to ensure that these basic problems are addressed. That is why a petition will be launched in my constituency as a matter of urgency. (*Time expired*)

Gilmore Electorate: Veterans of Atomic Testing

Mrs GASH (Gilmore) (7.35 p.m.)—Mr Deputy Speaker Causley, 3 October 2002 marked the 50th anniversary of the first atomic test conducted in Australia. This year I was privileged to have been invited to participate in a commemorative ceremony at HMAS *Creswell*, just outside of my electorate of Gilmore, with the Atomic Ex-Servicemen's Association. Captain Andrew Cawley, CO of HMAS *Creswell*, welcomed the 200 or so members, including those from the Shoalhaven branch in my electorate of Gilmore.

Their stories give some suggestion as to the strong feelings these veterans have towards that part of their lives. On this day in 1952, at the request of the British government, an atomic device was exploded on the Monte Bello Islands, off the north coast of Western Australia. This was an ocean surface burst with a 25 kiloton yield. Two subsequent tests conducted on 16 May and 19

June 1956 resulted in one monitoring point over 3,200 kilometres to the east increasing radioactive iodine fallout by 100 per cent.

The event marked the first of twelve devices detonated in Australia, and many Australian servicemen were involved. One such serviceman was Rod Coupland, who was 19 years old when he watched the explosion from the deck of HMAS *Sydney* dressed only in shorts and gym shoes. He was the youngest person on board and joined fellow veteran Bob Morris, who was on the HMAS *Tobruk*. Mr Morris said that, of the 120 crew, only 55 survive today—a legacy, he says, of their participation in atomic testing. Both Mr Coupland and Mr Morris are members of the Shoalhaven Atomic Ex-Servicemen's Association from my electorate of Gilmore who claim they are battling cancer and are seeking recompense for their illnesses.

According to Lieutenant Commander Barry Jones, Commanding Officer of the minesweeper HMAS *Huon*, who officiated at the remembrance ceremony, the men who participated had little or no knowledge of the dangers of atomic radiation. He described how these men would start work within an hour of the detonation, sometimes as close as 100 metres away, and how airmen would fly through fallout clouds to gather data.

There were other claimants who had been in Japan shortly after the cessation of hostilities, on the ground at the sites of Nagasaki and Hiroshima. Both these sites were highly radioactive with dust and matter swirling in the environment. Yields of between one and 60 kilotons were exploded at the Monte Bello Islands, Emu Plains and Maralinga. As an aside, Maralinga is Pitjantjatjara, Aboriginal dialect for 'field of thunder'. Three of these weapons had a much higher yield than the Nagasaki bomb, which was the larger of two bombs dropped on Japan during World War II. During the mainland tests, many Army personnel were exposed to the blasts to gauge the effect of radiation. According to the Department of Veterans' Affairs, the list of participants includes 3,268 members of the Royal Australian Navy, 1,657 members of the Australian Army and 3,201 members of the Royal Australian Air Force. As well, 8,590 civilians were involved and were Aus-

tralian employees of firms contracted to construct, maintain and/or support the testing facilities.

There is no denying that these events occurred and that these men were on the site. What we as a government need to do is to ensure their claims are given the maximum consideration and, if proven, compensated accordingly. This is not about the morality or otherwise of atomic testing. It is about making sure that servicemen who were working in support of their country are not being disadvantaged or discriminated against because of this service. Australia has a very good record towards its service and veteran community. We must never breach the duty we owe to those who served and neither should we risk alienating those that might come to serve in the future. It was an honour for me to meet these fellows, their wives and families, and to go to sea with them on the day of remembrance to lay the wreaths off the coast of Jervis Bay. Congratulations to the organisers. It was a day in my life that will long be remembered.

Western Australia: Electoral System

Ms JACKSON (Hasluck) (7.39 p.m.)—I have previously expressed my concern to the House about the lack of electoral equality in my own state of Western Australia. I spoke of new laws—the Electoral Amendment Bill 2001 and the Electoral Distribution Repeal Bill 2001—that were passed by both houses of the West Australian parliament last year to address this lack of electoral equality: one of the Gallop Labor government's specific election commitments. The Liberal-National opposition claimed the repeal of the old laws required an absolute majority in the Legislative Council—the state's upper house—that is, 18 votes, and not a simple majority, which is 17 votes, as occurred, to pass the bill. It is worth noting that the president of the council, a Labor member, cannot cast a vote unless a vote in the House is tied.

The state government rejected this view and followed the advice of the state's Solicitor General. The Clerk of the Legislative Council referred the matter to the Western Australian Supreme Court to resolve the constitutional dispute. The decision was handed down last Friday. The court ruled

that an absolute majority was required. The court did not rule against electoral equality. That is why I rise again tonight to bring to the attention of the House and the government the undemocratic nature of the West Australian electoral system, and the continued opposition of the Liberal-National Party to reform in this area. WA is the only state in the Commonwealth that has not enshrined the principle of one vote, one value in its electoral laws because of the ongoing opposition of the Liberal and National parties.

The malapportionment of the state electoral system provides some country voters four times the say in electing the government than voters in some metropolitan areas. It takes, on average, 13,409 people in the country in WA to elect one member of state parliament compared to an average of 25,860 people in the metropolitan area. To give a specific comparison, the seat of Eyre has 9,351 voters for one MP compared to Wanneroo, which has 41,377 voters for one MP. Little wonder that the *Australian* newspaper describes WA as 'the gerrymander state'. The reform of this gerrymander is consistent with the recommendations of bodies reporting on matters to do with the integrity of government, such as the royal commission into what was called WA Inc., and the commission on government which, despite nine years in state government, the Liberal-National Party did not implement.

I have before me a copy of an article which appeared in the *Weekend Australian*, in the WA edition only. Many of my colleagues have not had the opportunity to see the so-called 'victory dance' led by the leader of the Liberal-National opposition in WA, Colin Barnett, and his deputy, Max Trenorden, after the full court decision last week not to allow the Labor government's one vote, one value electoral reforms. I will seek to table a copy of that article. Liberal and National Party MPs in WA celebrated the decision, which leaves WA with a democratic deficit of monumental proportions, by quaffing champagne and probably supping on caviar whilst crowing about the continuation of this corruption to our democratic system of government. Shame on them!

I have listened in this place to the Minister for Employment and Workplace Relations over the course of the year accusing the trade union movement and the Labor Party of suffering a democratic deficit. Indeed, a brief search of *Hansard's* question time demonstrates that on at least seven occasions in the last session the minister berated the opposition for its alleged failure to support the fundamental democratic principle of one vote, one value. I will quote a couple of examples. On 28 May, he said:

This government believes in democracy. We believe in government of the people, by the people, for the people ... We believe in one man, one vote.

I assume he did not intend to be sexist. On 27 June, he said:

The only thing that counts is the fundamental democratic principle of one vote, one value.

What hypocrisy! The WA Attorney General, Jim McGinty, said the situation in WA 'is a clear case of principle versus grubby self interest'. I am astounded that the minister could have spent such energy concerning himself with the internal affairs of other organisations and has not made one mention of the fact that his own party supports an electoral system that gives extra weighting to votes according to where people live. I call on Minister Abbott and the federal Liberal and National parties to explain why they have not influenced their counterparts in WA to embrace electoral equality. Further, I would invite Minister Abbott to cease carping at the opposition on this issue and to carp on at his WA mates, his Liberal and National Party colleagues in Western Australia instead. Let me assure you that the fight for electoral equality in WA will continue. (*Time expired*)

Health: Cancer Treatments

Mr JOHN COBB (Parkes) (7.44 p.m.)—In the last budget the Minister for Health and Ageing put through \$72½ million to go towards six radiation centres—oncology centres—for country Australia. I congratulate her on that. It is an enormous measure and it is one that is very needed. The electorate of Parkes, which is over one-third of New South Wales, is over 1,000 kilometres long and close to 800 kilometres wide. As I said,

this measure delivers to over one-third of New South Wales. There are people in the electorate of Parkes who live up to 1,500 kilometres away from the nearest radiation centre where they can receive treatment.

On 6 September this year the national report called *A vision for radiotherapy in Australia* was released. It is a very good report. It acknowledges the fact that country Australia needs more centres. It acknowledges that where people live furthest away from treatment centres deaths from cancer are at their highest. It also says we need a radiation centre on the Central Coast of New South Wales, and I accept that. There are a lot of people in that region and a lot of them do live a long way from either Newcastle or the Gold Coast. But the fact remains that most of New South Wales is a long way west of there.

A radiation centre needs a city that can support such a centre. There is a lot of expensive equipment involved and it does need a medical centre. Dubbo can provide that centre. We have people in places as far west as Hillston and Cobar and further north through Bourke and Brewarrina who currently have to travel to Melbourne, Sydney or Brisbane to get treatment. There are six radiation centres going to country Australia, and I feel certain that at least two of those must go to country New South Wales. Dubbo is the obvious place for one of them. At this early stage I have already had any amount of submissions from throughout the electorate of Parkes totally committed to showing why that should happen.

It is said we need 250,000 people to support such a centre, even acknowledging the fact mentioned in the report that in country Australia we will have to do things because they are needed, not necessarily because the right amount of people are there to support them. Southern New South Wales is well catered for in Wagga and in Albury-Wodonga. The fact is that Dubbo is far and away the most obvious place away from the north coast to put such a centre. It will pull people all the way from Bourke, Cobar, Hillston and Brewarrina to Dubbo, plus anybody as far east as Mudgee and Orange. It is much easier for them to travel 100 or 150 kilome-

tres west to Dubbo than it is for them to travel all the way to Sydney. We have an enormous need. We have people with the will to make it succeed. We have an enormous part of New South Wales that will pull far more than 250,000 people and make it a lot easier than it currently is for many of those people who currently travel to Melbourne, Sydney or the Gold Coast.

Victorian Election: Electioneering

Mr BRENDAN O'CONNOR (Burke) (7.48 p.m.)—Is there an election in the air in Victoria? The Victorian Liberal Party thinks so. Last week I found in my letterbox a piece of Liberal Party propaganda, so obviously my 'no junk mail' sticker was completely ignored. The glossy brochure contained a litany of lies and half truths. This trash is all the more offensive because the former Kennett government parliamentarian, Mr Bernie Finn, is using these lies to try to get back into parliament. Typically, in order to scaremonger the community—

The DEPUTY SPEAKER (Hon. I.R. Causley)—I have to ask the member for Burke to withdraw the word 'lies'. I do not tolerate the word 'lies' in parliamentary procedures.

Mr BRENDAN O'CONNOR—The fact remains there are untruths contained in the brochure. Typically, in order to scaremonger the community, this brochure asserts that crime rates are too high. Crime rates could always be lower, but I do not think we need to get a lecture from Mr Finn about that. What did Mr Finn and Mr Kennett do about law and order when they were in government? They did nothing. In fact, they did something, you could say: they cut the number of police in the state by 3,000. Only since the election of the Bracks government have police numbers been restored to reasonable levels.

The second untruth in this brochure is with respect to health. The first deception in this brochure with respect to health is its attack on GP shortages, and it lifts some articles in which I was involved and which were about trying to restore some levels of GPs within the communities of Sunbury and Melton. It is recognised by most people that

those issues are Commonwealth matters, not state matters. Of course, this does not stop Mr Bernie Finn.

Mr Finn has an absolute cheek to refer to health given his parliamentary record in this area. As with the cuts to police, Mr Finn was part of a government that cut nurses' numbers and health expenditure generally. His recent reference to the need for a public hospital is also a hollow commitment, a pretence exposed by his leader, Robert Doyle, who dismissed the notion of a public hospital for Sunbury in a recent visit. Mr Finn never once mentioned the phrase 'public hospital' in all his time in parliament when he purported to represent Sunbury and the surrounding areas.

These untruths continue. Mr Finn attacks the current state government's record on rail services. He has to be joking. When he was last in government, if he did not shut it down he sold it off. All services were either closed or privatised. Furthermore, Mr Finn wants to preach to residents of Sunbury and to the ALP about conservation. He has proven to be very flexible on conservation. Two weeks ago he signed a green wedge pledge but only a month ago he agreed to subdivide land in Bulla—one commitment completely contradicting the other. But this does not seem to bother him whatsoever. He is the Pinocchio of Victorian politics.

Perhaps the most revealing instance of Mr Finn's willingness not to let the truth get in the way of him and the topping up of his parliamentary super is his bizarre, hypocritical stance on the city of Hume. He was recently quoted as alleging a hatred that Sunbury residents feel for the city of Hume. There is no evidence to suggest that there is any such sentiment in the community within Sunbury or in any other area surrounding Sunbury, except perhaps for a few cronies who wish they could control Hume City Council for their own ends in the way in which they once controlled the former municipality, the Shire of Bulla.

Even if there was in fact any evidence of resentment, who should we blame for this? None other than Mr Finn, because it was he who voted in parliament to create the city of Hume, as indeed did Mr Doyle. In fact, Mr Finn is the only candidate for Macedon who

had a direct role in creating Hume City Council. Clearly, he hopes Sunbury will have collective amnesia about his deeds, his words and—most particularly—his failures. He hopes that they will forget that he delivered little or nothing when last in government but instead made cuts to health, education and public transport. He hopes that they will forget that he passed the law that created the city of Hume and forget that his promises to build a Sunbury community health centre and fund the duplication of the Macedon Street Bridge were not delivered by him but by the Bracks government. I have news for Mr Finn: the electors of the seat of Macedon do not forget. If you continue to play hard and fast with the truth, you will have as much chance of heading to Spring Street as the English cricket team have of winning the Ashes this summer.

Mitchell Electorate: Alcohol and Drug Use

Mr CADMAN (Mitchell) (7.53 p.m.)—I wish to make some comments about remarks made by Senator George Campbell in the Senate today. Senator George Campbell made some critical remarks about protest meetings endeavouring to stop the establishment of a hotel in the main street of Castle Hill, which is in the centre of my electorate. My electorate has one of the highest proportions of youth of any electorate in Australia. I am a member of two parliamentary committees currently investigating crime and the use of drugs—the House of Representatives Legal and Constitutional Affairs Committee and the House of Representatives Family and Community Affairs Committee. One committee is looking at crime and the other is looking at substance abuse. I have, through that process, come across a great wealth of information on the relationship between the use of alcohol and its impact on young people, and the growing abuse of alcohol by young people.

I refer, firstly, to a survey conducted for the Salvation Army in August this year by Roy Morgan Research. The results of that study show that more than 3,700 people die from alcohol related diseases and illnesses every year. The report found that the younger a person is when they start to drink the more

likely they are to consume more than 30 drinks a week. The report says:

Average alcohol weekly consumption has doubled in the past 10 years for the 14-24 age group. In 1992, 14% said they consumed 6 drinks or more. In 2002 it had doubled to 28%.

For non-drinkers, amongst the 14- to 24-year age group it had dropped from 54 per cent down to 30 per cent.

Where the family income for over \$50,000 drinking commences at 15 and for families earning less than \$25,000 drinking commences at 18.

A statement on 4 February 2002 called 'For a Healthy Australia' says:

... hazardous drinking was particularly common in the 18-24 years age group. Drinking that would cause acute or chronic health problems accounted for 93 per cent of all alcohol drunk by men in that age group, and for 82 per cent of young women.

In another report from Sonya Neufeld, it says:

Although there has been a rise in alcohol research and programs, the 1998 National Drug Strategy Household Survey found evidence of increased binge drinking and a softening of attitudes to drinking and driving.

In an Australian Institute of Criminology statement, it says that a 1998 survey shows:

- Support for increasing the price of alcohol decreased by 7%.
- Support for raising the legal age of drinking was approximately 9% lower in 1998.

In the National Drug Strategy Household Survey conducted in 2002, it says:

- It is estimated that 1.2 million teenagers consumed alcohol in 2001.

Approximately 6,500 teenagers were daily drinkers, 460,700 were weekly drinkers and a further 730,000 drank less than weekly.

Finally of the reports that I have chosen, the Bureau of Crime and Statistics Research, in their most recent work, indicate that 54.4 per cent of those surveyed—758 respondents—said that on the last occasion the final place they had been drinking was a licensed premises. When questioned about what type of licensed premises, 60 per cent had been drinking at a hotel. The next most popular place was to be drinking at other licensed premises or at home. Eighty per cent of the group indicated that they had drunk above the National Health and Medical Research

Council guidelines for at least one month in the previous 12 months. The reports go on. (*Extension of time granted*) That is irrefutable evidence of the danger of alcohol for young people.

I will stand up for the youth of our area every time. I will join protests to prevent access in the main streets. I am not against people, in a sensible and mature way, taking alcohol. But to put our young people at needless risk and to have that process of democratic expression in the township of Castle Hill criticised by Senator George Campbell I find quite obnoxious. People should have their say. I will continue to stand up for families.

Senator George Campbell said something about my support for the Castle Hill RSL Club. It is a fine club—it supports diggers, it has been there for many years and it has one of the most wonderful and comprehensive youth and sport programs of any institution in Australia. They are into supporting youth, and that is why I continue to support them. Senator George Campbell should consider his own background. As leader of the Amalgamated Metal Workers Union, it was said by Paul Keating that he was responsible for the loss of 10,000 jobs. That man has no understanding of democracy. He should have a look at his own record and leave the people of Castle Hill alone.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Tuckey to move:

That, in accordance with section 5 of the *Parliament Act 1974*, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 14 October 2002, namely: Construction of a roof extension to the gardener's compound at Parliament House.

Ms Vamvakinou to move:

That this House:

- (1) recognises that estimates of youth suicide is becoming an increasing cause of death amongst young people with youth suicide figures in 2000 at 2,363 with 1,860 of those males;
- (2) recognises that the youth suicide rate for males and indigenous people, particularly in rural areas, are amongst the highest in the western world and that males are three times more likely to complete a suicide attempt;
- (3) recognises that admissions to hospitals for intentional self-injury are close to 10 times as common as fatalities for suicide, with males more likely to take far more drastic suicide methods;
- (4) recognises there is a role for families, education, role models and health workers in identifying and supporting young people at risk of depression and self-harm;
- (5) notes The Sydney Morning Herald 7 February 2002 article regarding government alarm on suicides rates with the Minister for Youth Affairs stating that "Australia is losing the war against youth suicide and needs a fresh approach."; and
- (6) calls on the Government to implement further measures to lower the rate of juvenile depression and youth suicide.

Wednesday, 16 October 2002

The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Greenway Electorate: Centenary of Federation Projects

Mr MOSSFIELD (Greenway) (9.40 a.m.)—I rise to report to the parliament on the completion of the final two projects in the Centenary of Federation program in the Greenway electorate. The first project was a marvellous musical presentation performed at the Bowman Hall in Blacktown on 28 August. This presentation was part of the Centenary of Federation celebrations conducted in both the Greenway and the Parramatta electorates. This musical presentation was the brainchild of Father Arthur Bridge OMA, chairman of Arts Musica Australis, who sought funding from both the Greenway and Parramatta Centenary of Federation committees for a musical depicting Australia's heritage.

The musical presentation included musical snapshots of outback Australia and multicultural Australia. All the musical items were specially composed for this particular performance by composers with connections to Western Sydney. Richard Gill OMA conducted and Peter Skrzynecki provided the text. The orchestra and choir were made up of students, teachers and friends of MLC Burwood and Trinity Grammar School, Hunters Hill. These two schools have an outstanding track record in the performing arts and their performance on this particular night contributed greatly to the success of the evening. The performance was attended by the Governor of New South Wales, Professor Bashir, who spoke at the end of the performance, congratulating everyone involved.

The second project relates to the opening of the Blacktown Arts Centre, which is a refurbished former Anglican Church in Flushcombe Road, Blacktown. This centre arose from a long-established community need for a contemporary multi-arts venue in Blacktown. The centre will support the growth of professional arts practiced in Western Sydney. The forecourt for the arts centre was funded by a grant from the Centenary of Federation community projects program. The total value of the grant was \$42,000. It was utilised towards the overall exterior landscaping of the site, including public seating, paving, lighting and planting.

I thank the chairman of the Greenway Centenary of Federation committee, Mr Bill McNamara, and his hardworking committee on the completion of their program. The committee consisted of the Reverend Glen Renton from the Blacktown Uniting Church, Mr Greg Skeoch from Mitchell High School, Councillor Alan Pendleton, Mrs Terry Driscoll, Mr Fred Williams, Ms Doreen Ross and Miss Vilma Ryan.

Ryan Electorate: World War II Memorial

Mr JOHNSON (Ryan) (9.42 a.m.)—It is my great pleasure to speak in the Main Committee today about an important memorial plaque that was rededicated in the federal seat of Ryan on Sunday, 6 October. The rededication was performed by Reverend Professor Norm Barker. This remarkable memorial plaque was originally laid on 13 August 1995. It is a testimony to those special Australians who contributed to Australian wartime efforts in World War II with their hard work here at home. I want to take this opportunity to, firstly, thank the Toowong RSL sub-branch and, in particular, its president, Mr Merv Bunney, for his invitation to attend the rededication ceremony. I want to compliment him very warmly and generously on the wonderful organisation that went into what was a moving community service.

It is also appropriate that I thank the councillor for Toowong, Councillor Judy Magub, who went to a lot of trouble to organise the ceremony. She also put on a community event afterwards for all those who took the time to come along and support the occasion. In 1995 Australians remembered five decades since the end of World War II and it was during this very poignant time that the Toowong memorial plaque was first laid in a small park in Toowong. But, due to the fact that this property has now been sold, the memorial had to be relocated to a new site at the Toowong clock tower. This site is considered to be the centre of the local community and therefore is a very fitting site for this new memorial plaque.

The hardships of World War II were experienced not only by our soldiers who travelled overseas to protect the values and way of life that we all enjoy and cherish today but also by the family and friends left behind. I know that all members of this parliament acknowledge the sacrifices that Australians made in World War II. Those who served at home in factories and on farms also endured the dislocation of their lives that war always causes. I take this opportunity in the parliament to pay tribute to those who have sacrificed their lives and I also pay tribute to their families.

I think everyone in this parliament acknowledges that it is most appropriate and, indeed, an obligation upon all of us to acknowledge the community work that is done by veterans and RSL sub-branches throughout our country. As the federal member for Ryan, it is my privilege to pay particular tribute on this occasion to the Toowong RSL sub-branch. It is an active sub-branch. Mr Merv Bunney is the president, and he is very dedicated to working for the veterans in his sub-branch. It is appropriate that Mr Merv Bunney be acknowledged for services to the community. (*Time expired*)

Calwell Electorate: The Smith Family's Education Program

Ms VAMVAKINO (Calwell) (9.45 a.m.)—I rise to speak to the parliament today about an initiative by the Smith Family in my electorate of Calwell. The Smith Family, who are best known for their toy drives and emergency services, are a non-religious and nonprofit organisation. Their mission is to deliver a more caring and cohesive Australian community. The Smith Family runs a number of programs to support the education of disadvantaged kids and their families. They include a literacy program, a new early intervention program to help kids aged between zero and five years, a program to improve access to information technology, and an English language tutoring program.

The Smith Family has a desire to facilitate full participation in the education process. It is in this spirit that a program has been established in Broadmeadows to help students from disadvantaged families continue their education, with financial support from sponsors. I met with Boyd and Maria, two of the education support workers, at the recent launch of the Learning for Life service by the state Minister for Employment, the Hon. Monica Gould. The program pays a scholarship and provides additional assistance through education support workers to support students and low-income families through primary, secondary and university schooling.

The aim of the program is to give kids of all abilities a chance to get the most out of their schooling. As parents know, sending kids to school, even public school, involves rising and often unexpected costs which poorer families find difficult to meet. The scholarships help pay for things like uniforms, books, stationery and school outings and camps. Families on benefits or working families on low incomes are eligible for the scholarships, with families eligible for up to three scholarships at any one time. Annual scholarships are about \$204 for primary, \$324 for junior secondary, \$504 for senior secondary and \$2,000 for university students.

Sponsors can be confident that 100 per cent of their donation goes directly to the families and that all expenditure is directed towards education costs.

The program also involves support from an education support worker who keeps in contact with the students and families to provide assistance, referrals and advice. The Broadmeadows workers inform me that the program is an outstanding success, with hundreds of sponsors and over 300 families already receiving scholarships. I thank the Hume City Council for its continued dedication to our community through its social justice charter and for its assistance to and cooperation in this program. I am committed to equality in public education, so I welcome the Smith Family into my electorate of Calwell. I will be joining the program as a sponsor. I know I share the same sentiments of gratitude as my constituents for the tremendous helping hand that the Smith Family has given to our community. It is a program that other honourable members may wish to acquaint themselves with and they may consider sponsoring a low-income student to better their education.

Petrie Electorate: Community Groups

Ms GAMBARO (Petrie) (9.48 a.m.)—I rise today to acknowledge some of the fine work by organisations in the Redcliffe Peninsula. I would like to start by congratulating Robert Moncur from the Woody Point Neighbourhood Watch for winning not only the regional but also the Queensland award for his work with Neighbourhood Watch. It is a very fine organisation and one which is run very expertly. It does terrific work in the community and for the Woody Point residents. Congratulations to Robert.

I want to praise the Redcliffe SES, who have also had a winning time. They took third place at the state rescue competition when they came head to head with seven other SES teams in a two-day competition. The Redcliffe team had six members, and they were engaged in things like first-aid, rescue, navigation, and land search and rescue. They were put into mock emergency situations, and they were able to draw on their expertise and their experience. I want to congratulate the SES for their wonderful work and for the great work they do in our city. I also want to congratulate manager Mick Ryan, Loretta Bruhn, Robert Majewski, Scott Hamilton, Sandy Avery and Gary McGinn. Well done to those people.

Another club that always shows great community support in the Redcliffe area is the Redcliffe Leagues Club. They came to the forefront again in donating a much needed trailer to the Redcliffe and District Cardiac Rehab Support Group. Des Webb just recently handed over the trailer to the support group. I want to congratulate the Redcliffe Leagues Club for the work they do. The cardiac group works with very few resources. They are senior citizens of the community who have had major heart episodes. They meet every week for a three-kilometre walk along the foreshore at Redcliffe. They are very supportive of the community and visit shopping centres and community groups, so that trailer will be a fantastic and welcome addition. It will make it easier for the group to carry equipment. It is an important addition for their educational supplies and also for their testing kits. Congratulations to them.

On a final note, I want to also congratulate the Redcliffe Peninsula jet skiers for having an open day on 6 October. Jet skis are a menace if not used properly. With the participation of the Queensland Water Police and the Jetboat Sports Association, the open day focused on safety and speed requirements so that jet skiers can live in harmony with the bay-side community residents. The open day was well attended, and I want to congratulate them for a marvellous day.

Lowe Electorate: Community Services

Mr MURPHY (Lowe) (9.51 a.m.)—Today I wish to bring to the attention of the parliament the wonderful work of the Homebush-Strathfield Meals on Wheels based at the Strathfield community centre, Bate Street, Homebush, in my electorate of Lowe. The Homebush-Strathfield Meals on Wheels operates in the Strathfield local government area. With the help of their many dedicated and tireless volunteers, they supply and deliver meals to residents who are temporarily or permanently unable to prepare their own meals. Their clients are generally the aged, who are very frail and who deeply appreciate the work of the Meals on Wheels volunteers. They also provide meals to younger people with a disability.

In a letter I received last month, Ms Anne Sheppard, the vice-president of the management committee, invited me to attend their annual general meeting, which is to be held at the community centre tonight. I let Ms Sheppard know that I could not attend because parliament is sitting this week. Tonight, the Homebush-Strathfield Meals on Wheels will be honouring many of their long-serving and dedicated members by presenting them with certificates in recognition of their service. Without the commitment of their long-serving volunteers, the vital service they provide to the local community would not be possible.

Although I cannot be there tonight to congratulate them in person, I would like to record in the parliament this morning the magnificent service they provide to the community I represent. I congratulate the following volunteers: Mrs Margaret Cole, for her five years of service; Mrs Annette Cooper, for her five years of service; Mr Alan Lynch, for his 10 years of service; Mrs Maree McDougall, for her five years of service; Mrs Diana Moloney, for her 20 years of service, which is a wonderful achievement; Mrs Carmel Monaghan, for her five years of service; Mrs Pushba Pulendiran, for her 15 years of service; Ms Dorothy Spratt, for her five years of service; and Mrs Margaret Vella, for her five years of service. Finally, I would also like to acknowledge the tremendous job done by the Homebush-Strathfield Meals on Wheels Service Coordinator, Ms Cheryl Brown; the vice-president, Ms Anne Sheppard; and the entire management committee. Well done, Homebush-Strathfield Meals on Wheels. We are all very proud of you.

Fisher Electorate: Facilities for Car Enthusiasts

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.54 a.m.)—I would like today to update the House on a very serious problem on the Sunshine Coast and, in particular, in the electorate of Fisher. I am referring to the ongoing difficulties that residents and holiday-makers are having with car hoons. Prior to the 2001 election, one of the key issues raised with my office by constituents was the fact that we seem to have so many car hoons, so many people who have such a total disregard for the rights of their fellow citizens that they are prepared to do wheelies and doughnuts and make an inordinate amount of noise as they enjoy the use of their vehicles.

I called a public meeting, some 200 people attended and a resolution, moved by Buderim resident Mr Tony Nioa, was carried unanimously. I was particularly impressed with the unanimity at the meeting. We had large numbers of residents and citizens at the meeting who were concerned over the impact of these car hoons on their lifestyle. We also had a substantial number of car enthusiasts there—people who have performance enhanced vehicles, people whose cars have been hotted up, but who were particularly annoyed that many in the community identify them as car hoons just because they spend what is, in many cases, tens of thousands of dollars improving their vehicles. The resolution was that, firstly, there ought to be zero tolerance for car hoons; secondly, as a community we should endeavour to locate a place where car enthusiasts are able to display their vehicles in a well-lit area on a regular basis so

that they are able to meet and exchange ideas and admire one another's achievements; and, thirdly, there ought to be a racing facility set up some distance away from residential areas so that genuine car enthusiasts are able to show off the performance of their vehicles.

I spoke with councillors who came along and, as a community, we were able to have another meeting last week. Three hundred people turned up this time and we were able to update the community on the situation. I want to praise councillors Dickson, Natoli, Cansdell and Taylor of Maroochy Shire Council and councillors Dwyer, Wallace and Champion for their interest. Ms Fiona Simpson, the member for Maroochy, has cooperated. Unfortunately, the Labor member for the Kawana, Mr Chris Cummins, refused to attend the meeting. He claimed this had been solved by the state government, but the community believes otherwise. I intend to continue to progress this matter to make sure that not only are residents able to enjoy the wonderful lifestyle on the Sunshine Coast but also that holiday-makers from around the country can come to the most magnificent tourist destination and enjoy their holiday without interference by car hoons. (*Time expired*)

The DEPUTY SPEAKER (Hon. I.R. Causley)—In accordance with standing order 275A the time for members' statements has concluded.

**ABORIGINAL LAND RIGHTS (NORTHERN TERRITORY) AMENDMENT BILL
2002**

Second Reading

Debate resumed from 19 September, on motion by **Mr Ruddock**:

That this bill be now read a second time.

Dr LAWRENCE (Fremantle) (9.57 a.m.)—I want to speak briefly today because the matters before us are relatively minor and not controversial, but I do want to raise a couple of issues relating to the Aboriginal Land Rights (Northern Territory) Act generally. The legislation before us, the [Aboriginal Land Rights \(Northern Territory\) Amendment Bill 2002](#), relates to the operation of the act and the land claim being made in order to facilitate the Darwin to Alice Springs railway line. Schedule 1 of the Aboriginal Land Rights (Northern Territory) Act 1976—often known colloquially as the land rights act—lists areas of land that become Aboriginal land under the act. When a land claim has been made under the land rights act, a settlement is sometimes reached, as it has been in this case, by agreement between governments, and the Northern Territory government and the relevant land council. In such cases, the Land Commissioner's office is asked to adjourn the land claim until the land can be scheduled under the land rights act and approaches made to the Commonwealth minister for Indigenous affairs asking for the land to be scheduled, as has been undertaken in this case.

The Parliamentary Library has made it clear in its review of this act that there are two main paths by which land can be granted in fee simple—that is, the unfettered title to land—to traditional Aboriginal owners. The land claim path so described involves an application to the Aboriginal Land Commissioner seeking recognition of a group's traditional attachment to land which is available for claim under the land rights act. We would all be familiar with this process, in which the Land Commissioner conducts a hearing and produces a report based on the evidence presented. In almost every case the Land Commissioner has recommended to the Commonwealth minister that a grant of fee simple be made over part or all of the area that has been claimed. That process has been going on now for some 25-odd years.

The minister then considers the report of the Land Commissioner and, where a recommendation to grant is accepted, the minister recommends to the Governor-General that a grant of fee simple be made to the relevant Aboriginal land trust. In that case the grant does not in-

volve a parliamentary action but does entail a pretty lengthy process associated with a land claim inquiry which, of course, is thoroughly tested. Alternatively—and this is what we are dealing with here today—when a description of land is added by parliament to schedule 1 of the land rights act, the Commonwealth minister must establish an Aboriginal land trust to hold it for the benefit of Aboriginal people with a traditional entitlement. The minister has to then recommend that the Governor-General grant the land in fee simple to the Aboriginal land trust.

A number of areas—and these are mostly ex-reserves—were transferred to Aboriginal ownership by this method soon after the passage of the land rights act. Subsequently, it has provided a means by which agreements designed to settle outstanding land claims can be given legal effect. The addition of the five parcels of land in this case will bring the total number of land parcels scheduled in this way since 1977 to 69. This mechanism does tend to facilitate negotiated outcomes but requires the involvement of parliament, which must amend the schedule to the land in question. I think that oversight is desirable. I would not necessarily agree with some that it should be removed and allowed simply at the minister's discretion.

The minister described in his second reading speech both the region and the background to the land to be scheduled, so I do not intend to go into that in any detail. Suffice it to say that, after discussion and agreement in order to facilitate the Darwin to Alice Springs railway, title to this block of land will be granted to the Harry Creek East community to enable them to move. The community's current land is situated on the old north-south stock route and has been rendered unfit for continued habitation because of the proposed construction of the railway. Hence the former government of the Northern Territory agreed to grant the community another parcel of land. That is really what we are dealing with here.

The urgency for the scheduling has, I understand, to some extent been brought on by the speed with which the whole process has actually developed. As the minister has noted, the Central Land Council has agreed with the Northern Territory government that a parcel of land be allocated to the Arncliffe Aboriginal land trust on behalf of the members of the Harry Creek East community. This allocation is to allow the permanent relocation of the community. I think it goes to show how accommodating such communities can be. This is a very large thing we ask of people—that is, to up stakes and move entirely from land that they had formerly inhabited.

As I have indicated, the developers have commenced operations in the area concerned earlier than expected. They cannot coexist; the people simply cannot live under those circumstances. The community comprises: seven families, representing up to 35 people; six houses; six shower blocks; a generator shed; other sheds; two large and three small stockyards; and large water storage tanks and associated equipment. So it is quite a substantial move which, as I understand it, is to be funded by the Northern Territory government to the tune of at least \$1 million. The closest community buildings at Harry Creek East are located within 100 metres of the railway centre line. You can see how important it is that this scheduling take place. It will allow for the long-term relocation to a site south-east of their present home.

The families of the Harry Creek East community were initially reluctant to relocate into a less certain situation than they currently enjoyed. They were not prepared to simply do it on an understanding; they really wanted the matter to be formalised by the parliament. One issue affecting the timing of the relocation was the negotiations regarding the location of the new site to ensure that there was minimal interference with the many sacred sites in that region. That has been necessarily a time-consuming process. The social impact analysis of the railway states that the identification of an acceptable relocation site has been far from easy. I am

not surprised at that. I think that would be true of any community asked to remove itself, particularly in a case such as this, from land with which it has traditionally been associated.

A million dollars has been set aside by the Northern Territory government to relocate the community. On 21 August this year Northern Territory Chief Minister, Clare Martin, said that the community had agreed to move and 'that is part of the railway contract, but I can give you a very strong assurance that will happen appropriately and the community will be appropriately relocated'. I am sure there will be many watching to ensure that that is the case. The finalising freehold title of the land will enable the relocation to actually occur. I imagine that will proceed quite quickly from this point.

I want to make a couple of comments on the current state of the Northern Territory land rights legislation. I am sure all of us are familiar with the history of this legislation. It was very important in Australia's treatment of Indigenous people. It was enacted in 1996 and it was seen then as a milestone in the recognition of Aboriginal rights to land. It is fair to say that all these years later, although we have dealt with what was in some respects much more complex and potentially far-reaching legislation under the Native Title Act and its various amendments, this legislation gives much greater protection and engagement of Aboriginal people in both the management of their land and the potential to benefit from it. Although it has weaknesses which have been well understood by all of those involved, in my view it still, in the way it understands Aboriginal connection with the land, represents the gold standard against which others are, for the most part, judged to be deficient. It is still central and relevant to the lives of Indigenous people, as was pointed out by the House of Representatives committee which was responding to the government initiated Reeves report.

As I am sure members will be aware, this act has been reviewed a number of times, most recently at the instigation of the current government. The Reeves report of 1998 brought down what has been described as one of the most complicated and incomprehensible documents ever to see the light of day—particularly unsuitable for Indigenous people, for many of whom English is not their second but their third or fourth language, and it is not written in a form that the average Australian whose first language is English could understand. It is an entirely inappropriate document with which to seek to engage in dialogue with Indigenous people and it was rightly criticised by the House of Representatives committee at the time.

That report made very far-reaching and, I must say, controversial recommendations and created a great deal of anxiety and alarm in many Aboriginal communities—because it seemed to represent a significant watering down of the regime that had previously applied, and they did not see most of its recommendations as necessarily resulting in greater benefit to Indigenous people, but the reverse: it seemed that it would diminish their entitlements. It was reviewed by the House of Representatives Committee on Aboriginal and Torres Strait Islander Affairs with a remarkable outcome of bipartisan support for the recommendations of that committee. By and large, it is fair to say that the committee rejected pretty fully the recommendations of the Reeves report. They made it clear that the land rights act should not be amended without the understanding and the consent of the traditional owners of the Northern Territory land after appropriate consultation—none of which had occurred in the case of the Reeves report. Even though nothing much has been done following this report, that anxiety and alarm still exists.

Four years later, the minister has said in his second reading speech that he is waiting to hear from the northern land councils and the Northern Territory government. Nonetheless, it is fair to say—and the minister is here to receive this criticism—that there has not been much of a sense of urgency about dealing with these matters, even though the minister insists that the

act still urgently needs repair and claims that it is not assisting in improving the social and economic position of Aboriginal landowners. There are a lot of a reasons for that, and most of them actually do not attach to the way the land rights act operates. They have to do with the way communities are supported, the relationship between communities and government, and a whole range of problems which, frankly, also exist in other places where there is not a land rights act. I cannot put the continuing disadvantage of Indigenous people down to whatever might be seen to be the deficiencies of that particular act. I think that is a blind. We need to be very careful in this case about ascribing cause. The minister has issued what I regard as a fairly rough outline of the issues he believes should be addressed, and he has visited land councils. I must say that, when I visited them subsequently, they were a little dismayed at the way the minister had approached them, and his behaviour was still being commented upon some weeks later.

The Reeves report and, as I can understand it, the minister's intention still aim to reduce barriers to economic development of Aboriginal land. If it were the development of Aboriginal land by Aboriginal people for their benefit, I guess I would be impressed at that as a goal. But the complaints are really about the failure of new mines to be established, for instance, and the exploitation by others of Aboriginal land—which may not result in any benefit to Indigenous people. The reality is that there have been many exploration licences issued and mineral leases agreed to. It may not be a process that enables people to snap their fingers but, remembering the principle of Indigenous ownership of land, I think that is as it should be. No-one is suggesting that we would not want to see an appropriate streamlining of approvals, if that is the obstacle; but let us not kid ourselves that that is necessarily going to assist Indigenous people.

Another of the aims the minister apparently has is to assimilate the devolution of control away from land councils to more localised regional bodies—which is one of the contentious recommendations of the Reeves report. It is worth remembering that, at the moment, for every hundred Indigenous people in this country there is a registered organisation. The problem is not that we have too many big organisations but that we have a plethora of small ones. Every grant of land or money or, indeed, of engagement between government and Indigenous people requires them to register an organisation. It is bizarre. They belong to more bodies collectively than other Australians would ever dream of. It is an extremely expensive administrative process, and I would not want to see that replicated by another set of organisations. Those who have been involved in the native title process will tell you just how disappointing it has been that very often these new bodies do not have sufficient resources to do what it is suggested they should. That is particularly true of the rep bodies.

The suggestion to streamline processes for new councils to be formed is one that the committee agreed to. Everyone understands that this act is not necessarily perfect in its operations and that there may be aspirations that are being thwarted by the current arrangements. I am sure that everyone would agree ultimately that that recommendation of the House of Representatives committee is a reasonable one. Another goal is to improve the management and distribution of the Aboriginal Benefit Account. Depending on how that is done, most people would agree that there is room for improvement there as well.

After my discussions with people in the Northern Territory, both within the land councils and outside them, I am aware that they understand that neither the Northern Territory government nor the Labor Party—nor, I believe, the Democrats and the Greens—will tolerate Aboriginal people being railroaded into amendments which are designed to suit other parties. There has to be that consent, the consent has to be informed, and the discussion has to be un-

dertaken at a level that respects the basic principles of land rights. It is important that none of us forget that the people who were here before we arrived are the people whose land we are talking about. This is not some other, Johnny-come-lately third party. These are the original owners of the land. There is very little left of it in their control, and it is vital that we do not water down the provisions of what was and remains a very important act to the people of the Northern Territory. In many ways it is a measure against which other lesser titles now granted through the Native Title Act should be judged. I for one will certainly be watching very closely to ensure that whatever agreements are reached are transparent, public, clear and well understood by all the parties. Certainly as far as the Labor Party are concerned, we will not tolerate amendments being made without that fundamental agreement of Indigenous people of the Northern Territory.

Mr WAKELIN (Grey) (10.12 a.m.)—The **Aboriginal Land Rights (Northern Territory) Amendment Bill 2002** is, as the previous speaker has acknowledged, a fairly basic piece of legislation; but I note that the minister's second reading speech mentions the need for repair to the land rights act. Perhaps this bill makes a minor change, but the matter of changing ownership of land from one area to another et cetera indicates just how much reform is needed and how urgent that reform is. Nevertheless, this is the bill before us. We have the great project—the Darwin to Alice Springs railway line—well ahead of schedule. There is some urgency about it and so we would no doubt expect the legislation to be accepted, and I understand that all parties, including the Northern Territory government and the people involved, are agreed.

The point I want to make this morning very briefly is—and I will come back to the minister's second reading speech again—that the important ambition for the land rights act of 1976 was to advance the situation for Aboriginal people. Whilst much land is held by Aboriginal people, we know there are still huge challenges for them in the social and economic area. I was part of the committee, as was the member for Lingiari, that reviewed the Reeves report. *Unlocking the future* was the title of that report, and we believe we did offer some solutions—but that view was not shared by all, I know.

Nevertheless, we cannot get away from the minister's point in the second reading speech: the enthusiasm for land rights has not been followed by sufficient improvement in the social and economic situations of Aboriginal landowners. The example that the minister used, in terms of exploration and mining in Aboriginal lands, is that there has been just one new mine on Aboriginal land in 25 years. There have been over 1,000 applications to explore on Aboriginal land, but more than half of those applications remain outstanding. There will be all sorts of debate and discussion and passionate views held. At the end of the day, this land is for the benefit of those people and, surely, they need to be very much respected. We have great challenges in that but, suffice it to say, I support the amendments and I wish them a speedy passage.

Mr SNOWDON (Lingiari) (10.16 a.m.)—Firstly, let me put my contribution to the debate on the **Aboriginal Land Rights (Northern Territory) Amendment Bill 2002** into some sort of substantial context. As the member for Lingiari, my constituency encapsulates all but 300 square kilometres of the Northern Territory. It is the area that the land rights act applies to. In excess of 45 per cent of my constituents are Indigenous Australians, most of them living in remote communities. Prior to entering this parliament, my job was as a policy officer at the Central Land Council. I have a greater knowledge and experience of the land rights act than anyone else in this parliament. In that context, I am pleased to support the legislation that has been put before the parliament simply because it schedules and gives land to Aboriginal Territorians under the land rights act. Others have spoken about the nature of that land in terms of

the Upper Daly land claim. It is extremely important that we comprehend that the land rights act's basic objective is to return people's land to them.

There will also be the scheduling of a very small portion of land to relocate the Harry Creek community, just north of my home in Alice Springs. The member for Fremantle spoke about this in the context of the Alice Springs to Darwin railway and the need to relocate some communities. I am aware that the Northern Territory government has contributed in the vicinity of \$1 million to assist in this relocation. The outcome—which is the result of negotiations between the Northern Territory government and Indigenous people through their representative body, the Central Land Council—is agreement on a package of land which will suit their requirements. This is very important to these people.

I listened carefully to the contribution from the member for Grey. I want to record my appreciation for his involvement in the House of Representatives committee, of which he is now chairman, and his involvement in the deliberations on the report *Unlocking the future*, to which he referred. I am sure he would agree with me that the process of undertaking the work of the committee in the context of reviewing the Reeves report was very instructive because of the very high support given to the Indigenous organisations in the Northern Territory, the land councils, for the work they do in relation to the land rights act and for recognising their responsibilities under it. However, we need to be very careful. I would countenance the fact that the minister, who is at the table and who I am pleased to see here, has been a little less than careful.

Mr Ruddock—A little less?

Mr SNOWDON—A little less than careful. I will explain why now. In his second reading speech, the minister referred to this issue of exploration of Aboriginal land. He says that the land rights act is in urgent need of reform. He says there has been only one new mine on Aboriginal land in 25 years. He also made that claim in an article in the *Sunday Territorian* on 8 September and on ABC radio, I think on the morning of 20 September. But that claim is wrong. It is plainly wrong. I seek leave to table a document which outlines the number of mining agreements under the land rights act for the grant of mineral leases since 1987 by the Central Land Council.

Leave granted.

Mr SNOWDON—Minister, let us be very clear about this. Let us understand that, in the context of the land rights act—and I refer here to the area of the Central Land Council—the CLC has processed 10 agreements for mineral or gas and oil leases over that period. You will see, Mr Deputy Speaker Causley, once you get this list, that these include the gas fields of Mereenie and Palm Valley, the goldmines at the Granites, the Tanami, Dead Bullock Soak, the Tanami extension, Molech, Edna Beryl, Groundrush and Chariot. The mining companies involved include Santos, Magellan, North Flinders, the Tanami Mine Joint Venture, North Flinders again, Giants Reef and Newmont Mining. They are significant mining bodies in the Australian mining industry. The minister needs to understand the process that is involved in the finalisation of these agreements and the process that people must undertake once an exploration licence has been granted.

I make the point, Minister, while I think of it, that you made this observation about Aboriginal land in the Northern Territory; but do you know that, on pastoral land in the Northern Territory during the 25 years about which you speak, not one mine has been established? That has nothing to do with the land rights act. What you need to comprehend, Minister, is that under the land rights act the land councils are required to process exploration licence applica-

tions and mineral lease terms and conditions. And they do it. But they cannot and should not be held responsible, as some would seek to do, if companies carrying out exploration cannot find the minerals because they do not look hard enough or because they are warehousing the exploration leases.

Minister, I refer you to a report prepared by Dr Ian Manning, from the National Institute of Economic and Industry Research, which is a comprehensive analysis of the mining industry and its relationship with the land rights act and the Native Title Act. Whilst it is not my intention to read you chapter and verse of this document—I refer it to you and ask you to read it—I will make mention of a couple of things. I will read a summary of an argument made by Dr Manning:

Elements in the mining industry have claimed—

The minister seems to have picked up on this, because it is the same old tired tripe that we have had shoved down our throats since I have been involved in politics in the Northern Territory and since the land rights act was established by successive CLP governments in the Northern Territory—and, I might say, by successive conservative spokespersons on the issue of Indigenous affairs in Australia since that time. Dr Manning says:

Elements in the mining industry have claimed that the Aboriginal Land Rights Act and Native Title have dampened mineral exploration activity in the Northern Territory. However the only period where the effect appears to have been serious enough to depress the NT share of total Australian mineral exploration was the period 1996 to 2001. This was not due to Native Title as such but to the Northern Territory government's refusal to adapt its legislation to the reality of Native Title.

In the body of his document there is an apt summary of why this was a problem. It does not lie at the feet of the Northern Territory land councils, the Central Land Council and the Northern Land Council, the Anindilyakwa Land Council or the Tiwi Land Council; it lies at the feet of the then Northern Territory CLP government. Dr Manning further says:

The Wik decision late in 1996 was followed by a decision by the Northern Territory government to suspend the issue of exploration licences on pastoral leases.

The then Northern Territory government suspended the issue of exploration licences on pastoral leases. They claim that this was because of uncertainty created by the Wik decision. However, as the minister will be aware, other states, particularly Western Australia, accommodated these issues and the reality of native title, and continued to issue exploration licences. You would expect this to result in a fall in the Northern Territory share of exploration licence expenditure or expenditure on exploration. The share, in fact, fell to under eight per cent from 1997 to 2002. Given that new exploration licences were no longer available on pastoral leases, this implies that the emphasis in exploration shifted to Aboriginal lands. The land councils assisted by increasing their rate of grant of exploration licences, reflecting systemisation of the process and the increased familiarity with it of both the applicants and the traditional owners.

In 2001, the Northern Territory resumed issuing exploration licences on pastoral leases. In the one year a large number of backed up ELAs were approved—more than the industry had the capacity to handle. Later in his document, again a summary piece, in relation to the land rights act—and this is very important—Dr Manning says:

There is counterpart legislation to the Aboriginal Land Rights Act in North America, New Zealand and many other countries where there are indigenous peoples. Multinational mining companies expect to find such legislation in place and indeed believe that it is to the advantage of the industry since it provides a framework to govern relations between miners and traditional owners and Aboriginal people

generally. Not all the industries adopted this view but significant industry voices moderated their opposition to the Land Rights Act since 1998.

And this is all true.

Minister, I know it might be hard to believe but since the election of the good people's Labor government in the Northern Territory the atmosphere has changed. In the years since 1978, since self-government, up until last year, the attitude of successive CLP governments was one of marginalisation, division and litigation. Ask your advisers, Minister, to delve into the history books—I have got the corporate memory, but I doubt that they have—and see how many times successive CLP governments sought to litigate over issues to do with the land rights act. For what purpose? The fundamental purpose was one of division—perpetuating the sorts of myths the minister has perpetuated by alleging that only one mining lease has been developed on Aboriginal land in the last 25 years. It is wrong and you are perpetuating the same myths, the same lies, that have been used by successive conservative governments in the Northern Territory to give us division.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I would have to ask the member for Lingiari to withdraw the word 'lies'.

Mr SNOWDON—Although they are lies?

The DEPUTY SPEAKER—I would ask the member—

Mr SNOWDON—No; I will not withdraw the word 'lies'.

The DEPUTY SPEAKER—The member for Lingiari has no option but to withdraw, if I ask him to withdraw the word 'lies'.

Mr SNOWDON—With respect, Mr Deputy Speaker, I never said he told a lie. I said these were lies.

The DEPUTY SPEAKER—I ask the member for Lingiari—

Mr SNOWDON—On what basis do you ask me to withdraw?

The DEPUTY SPEAKER—Do you want to be named?

Mr SNOWDON—On what basis do you ask me to withdraw?

The DEPUTY SPEAKER—I ask the member for Lingiari to withdraw the word 'lies'—

Mr SNOWDON—On what basis?

The DEPUTY SPEAKER—because it is unparliamentary.

Mr SNOWDON—Minister, you tell me if 'lies' is unparliamentary. I withdraw.

The DEPUTY SPEAKER—Thank you.

Mr SNOWDON—Instead, now we have a Northern Territory government which has worked on the basis of inclusion, cooperation and negotiation. Minister, I hope you will mend your ways. I appreciate, Minister, that you have sought in an open and public way to incorporate your desire for changes to the land rights act into a process of negotiation. But I say to you, Minister, do not perpetuate the myths, the untruths, these things that would otherwise be called lies. Do not perpetuate them. It does you no justice.

I note that the CLP in the Northern Territory has, true to form, started to run again the lines on division on the basis of the land rights act. Minister, it behoves you—and I think you are the person who can do it—to accept the responsibility you have been given, to work responsibly with people and to not perpetuate these untruths. People expect changes, and I understand that there may well be the need for some changes to the land rights act. Indeed, I was very

pleased to be part of the committee which drafted the report *Unlocking the future*. Minister, I would draw your attention—as I have done previously—to the very first recommendation of that report, which referred to the need to get informed consent. I know that you accept that Indigenous people in the Northern Territory have the capacity to speak for themselves, but do not foist onto the land councils the responsibility for the social and economic deprivation they have suffered in the past 25 years. The people who are primarily responsible for that deprivation are the successive CLP governments, who refused in every budget to provide the resources necessary to improve the lot of Indigenous people in the Northern Territory.

Again, I would ask the minister to ask his advisers to delve into the history books and to see the disservice that successive CLP governments have done to the Northern Territory and to the people of Australia. They are responsible—not the Central or the Northern Land Councils, not the Anindilyakwa Land Council and not the Tiwi Land Council. I would also ask, as I have read this piece of legislation on numerous occasions, that the minister familiarise himself with it and get to understand, particularly, section 23. He would know, if he read section 23, that whilst it can be read broadly it has been read very narrowly by successive governments in terms of the provision of resources to land councils for them to do their work. I know what has happened. I have seen it. I have observed it. I have experienced it. I have seen the withdrawal of services from the bush and heard the plaintive cries from Indigenous Territorians to have those services restored or to get some modicum of justice in the delivery of education, health and housing. That is not the responsibility of the land councils. They can be advocates, but that is not their primary responsibility. If you read section 23 of the land rights act, you will certainly come to understand that very quickly.

I am very proud of this land rights act, and I am proud for two reasons. One, whilst it was drafted by a Labor government, it was in fact passed in the parliament by the conservative government of Malcolm Fraser. Two, it is an historic document and one which needs to be seen for what it is. It has given a great deal of hope to many Indigenous Australians, but it has also given them the basis on which to maintain their cultural integrity.

I ask the minister to reflect very carefully on his use of language over the need to amend this act and to not—and I take you back to what I said originally—use these untruths or these myths that are perpetuated by some elements of the community for their own political purposes. I ask you, Minister, to not take the advice of those same advisers who advised consecutive CLP governments, because they had the same bias. They are conservative and they seek to perpetrate division. You can malign people or you can justly say that things can be improved. I say to you, Minister, that it will be done through cooperation, not myths. It will be done by negotiation, not litigation. It will be done by people sitting down together—and I hope you are; I am sure you are—for the purpose of being able to do that. I look forward to the results of those communications, consultations and negotiations. (*Time expired*)

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (10.36 a.m.)—in reply—I would first acknowledge the contributions of the members who have spoken on the *Aboriginal Land Rights (Northern Territory) Amendment Bill 2002*. I would like to take up a number of points. I hope the member is able to remain with us and report to his colleague on some of the matters that I want to raise. I too want to make it clear that I am about seeking reform in a cooperative way. I do want to work positively with the Northern Territory government and with the land councils. The approach that I have taken—and that has been criticised today by the frontbench member who spoke who suggested that I saw no sense of urgency, but then asked that I not railroad people—is a measured one, and one by which we will

be able to see whether there is, amongst the new government in the Northern Territory and the land councils, a willingness to recognise that they are stakeholders in relation to this legislation, as there are other stakeholders, and that there is a window of opportunity for reform or else the opportunity to continue the adversarial approach of the past—which I think in part was exemplified by some of the comments by the member for Lingiari.

I take the opportunity to thank the member for Fremantle, the member for Grey and the member for Lingiari for acknowledging that this legislation today is uncontroversial and that it has a particular purpose—that is, to schedule certain lands where it has been agreed by all the stakeholders that title should be assumed for four new areas of land that will be now brought within schedule 1 and will be Aboriginal land held in traditional terms and for the benefit of Aboriginal people. I am glad that we were able to get this legislation through, and I hope it will have a speedy passage through the Senate, because there are benefits that Indigenous people will derive through the implementation of the legislation. Having brought forward legislation that is an agreed outcome, in my second reading speech I made it very clear that this legislation is in need of repair and needs to be the subject of significant amendment. I heard in all of the speeches today a recognition of that point.

The point is that, once you have agreed there is a need for reform, you then have to ask yourself: how can you move it forward? I took the view some time ago that this is not going to move forward if there is an adversarial approach taken. I know the realities: the realities are that there will not be changes initiated by this government that will pass both houses unless the Northern Territory government, the land councils, the Labor Party, or perhaps the minor parties in the Senate agree to the passage of the changes. If the major stakeholders are not agreed then change will not ensue.

In April this year I issued a discussion paper. It was a very comprehensive paper outlining the sorts of issues that have been raised in relation to land councils, such as whether there should be new land councils. There have been a number of communities and traditional owners at various times who have sought—as we saw in the Tiwi case in particular, but it has been sought in other cases as well—new land councils, which were agreed to by a former Labor administration. There is nothing magic about whether or not there are new land councils. If people want to be able to have councils which they think are going to be more responsive to them, I do not see why we should stand in the way, and I do not know whether legislation should be so prescriptive that it makes achieving those changes almost impossible. I think it is an area in which reform can be looked at.

But there may be people in those existing land councils who do not wish to lose some of the authority that they have now, and any fragmentation may impact upon them. I understand that people will bring forward those views, but let us have a look and see how we can have a body that is responsive to the views of traditional owners. That is what I have sought. I think there is a recognition that that reform is necessary. There has been a response from the larger land councils saying that maybe what we should be doing is regionalising. In the options paper I have also recorded how we might be able to pick up those sorts of ideas in a reform process.

In relation to exploration and mining, all of the parties have acknowledged that there is a need for change. The member for Lingiari made that clear in his own comments. He talked about warehousing as a potential problem. There are a number of problems in relation to selection of companies, negotiation time frames, negotiations unresolved after certain time frames and whether there should be a veto or agreement, exploration agreements, the reasonableness of agreements, whether there should be a moratorium period, how to prevent ware-

housing and what the role of the Commonwealth minister ought to be. These are important questions. In the options paper I have suggested a number of ways forward which people can talk about.

We have talked about economic development and how you might promote it for the benefit of Indigenous people. The point was made today that the situation in the Northern Territory, where land has been in the hands of Indigenous people for a very long period of time, is no different from what we are seeing in other parts of Australia. Let me just make the point that it ought to be different if people have had control of their own lands for such a substantial period of time and there is the prospect of economic developments and those developments have not ensued. There is also the use of the Aboriginal Benefits Trust Fund. The trust fund has benefited from mining developments in the past but it is not being renewed. The fund is diminishing and yet people want to make increasing demands upon that fund. I am concerned that the birthright of Indigenous Australians is going to be whittled away by very large, bureaucratic organisations that continue to ask for more and more funds from the benefits fund.

There are issues in relation to the distribution formula, land council funding, the possible reforms to improve the operation of royalty associations—land councils have raised this—and possible reforms to the amount for the benefit of the Northern Territory Aboriginal people. There are issues, which I think need to be looked at, in relation to finalising outstanding claims and the land commissioner's powers. There are issues, which I also think can be looked at, in relation to the role of the Northern Territory government and devolution. There are issues in relation to compulsory acquisition of interests in Aboriginal land for public purposes and the clarification of the application of Northern Territory laws.

In other words, there is a whole range of issues that can be the subject of sensible discussion. I know that some people would like me to take a definitive approach, outline what the Commonwealth's position is and say, 'That is our position and we are going to ram it through.' My view is that that approach would not work. It is one of the reasons why I have been to the land councils and the Northern Territory government. I do not know what behaviour of mine might have been of concern to the land councils, as suggested by the member for Fremantle, but if she is saying that the view I have put that there ought to be a negotiated approach—and my efforts to encourage them to do that—is in some way a behavioural issue, I am interested in that. However, I have sought to ensure that the improvements which I think are possible are agreed—but they have to be agreed with all the stakeholders.

I note that the member for Lingiari qualified himself as being the person most expert in relation to Northern Territory land rights legislation. Apparently he was not expert enough to know that I was in the parliament when the legislation was enacted. I chaired the first joint select committee reviewing the land rights legislation before it was actually implemented to ensure that it would meet its stated purpose. I guess he was not aware that I have been closely following these things over some 25 years. That may suggest that he has perhaps come to the scene a little more recently.

The point I want to make is that I do not dissemble or mislead in relation to matters on which I comment. The point I have made about no new mining developments proceeding under this legislation was well taken. I understand that the member has tabled, with my consent, a document which suggests that mining developments have come to fruition after the enactment of this legislation. I will be interested to have a look at it. The advice I have received is that those mining developments which have been completed—beyond the Granites Mine that was essentially approved from the exploration stage after the Northern Territory land rights legislation was passed—were developments initiated before the legislation was put in place.

The member for Lingiari claims that this legislation has not stood in the way of developments that it was agreed would proceed before the legislation was enacted and which, because of the time frame over which they are implemented, were developed in those latter stages during the period of this legislation. To include those in a list is, I think, misleading. The point I have been making is that, if you look at the implementation of this legislation and the initiation under this legislation of an exploration which finds a deposit and then enables that deposit, once identified, to be the subject of a development and then the implementation of a mine, only one such development has proceeded. That is the point that I have made. I believe the point is well taken. It is not meant to create any particular animosity. It is simply meant to demonstrate that, if legislation imposes a lot of barriers that have to be passed and some of those barriers are operating in a way that is inhibiting development which can benefit Indigenous people, that legislation ought to be looked at.

The point that has come out of this debate today is the point that I have been making all along, and that is that there is a need for reform. It needs goodwill. I have given time for people to demonstrate—this paper was out in April. I have given people time to reflect upon the issues that have been raised. I have put all the options down on the table so that people can look at them. And I have said, ‘We need to have sensible discussion, not posturing, about identifying where we can agree, and it might be possible to achieve meaningful reforms.’ That is what I would like to see.

I recognise that there has been a change in the atmosphere in the Northern Territory, but the change in atmosphere is not enough if it is not matched by results. I will give more time for this to happen. I recognise what the Chief Minister has said to me, that they are a new government, that they have their own priorities, that they want to try and establish with their own priorities the speed with which they will deal with these sorts of issues. I am prepared to accommodate that. But I do not think it is reasonable to use that as a basis for putting this matter on the backburner so that it is never addressed. There may be people in the Northern Territory who take the view that, if you can keep it going long enough and you can stop any change long enough, one day in the distant future there may again be a change of government and then it will be in our hands to be able to do it. They might be saying that to themselves.

Mr Slipper—I hope not.

Mr RUDDOCK—Quite frankly, my view is that that is an irresponsible approach. One should not be able to make assumptions about those sorts of matters. Certainly, in terms of the implementation of realistic policy, I do not think the interests of all of the stakeholders in the Northern Territory ought to be disadvantaged by people taking a strategic position that cooperation should be withheld in order to be able to deal with these sorts of issues at some time when we think we are going to be in power and might be able to deal with them. I think people of goodwill ought to demonstrate that goodwill by being prepared to sit down and discuss all the points that have been raised in the discussion paper and to outline where agreement might be possible. I think that should be able to be achieved—I make that point. I will seek it and I will continue to work for it.

This legislation we are dealing with today is evidence that beneficial outcomes can be achieved. And this legislation and its passage ought to be seen as an effort on the part of this government to demonstrate its willingness to work with land councils, with the Northern Territory government, with miners, with fishermen, with all of the stakeholders in the Northern Territory, to get an improved result. I am not wedded to particular reports or their outcomes; what I am looking for is agreement. I notice people condemn the Reeves report—we saw a lot of that today. I simply note that Reeves was not one, as a former member of parliament, who

sat on the side of the coalition parties; he was a Labor member. I am not sure that his thoughtful consideration of these matters ought to be dismissed in the rather offhand way that they are. It was a constructive effort to try and achieve a measure of agreement.

I will continue to work positively on these issues. I hope that the goodwill that I demonstrate will be reciprocated by those who sit opposite and that they will encourage constructive engagement by the Northern Territory government, by land councils, by all of the interested parties and by stakeholders so that we can bring forward, in a reasonable time frame, reforms that we can all agree on that will produce better outcomes for Indigenous Australians in the Northern Territory.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

EXCISE LAWS AMENDMENT BILL (No. 1) 2002

Cognate bill:

EXCISE TARIFF AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 26 September, on motion by **Mr Slipper**:

That this bill be now read a second time.

Mr COX (Kingston) (10.55 a.m.)—The **Excise Laws Amendment Bill (No. 1) 2002** and the **Excise Tariff Amendment Bill (No. 2) 2002** amend the excise legislation to deal with the case where manufacturers lower the alcohol content of a product while labelling the product at a higher alcohol strength, taking advantage of a loophole in the food labelling standards. Both the brewers and the spirits industry support these changes. Labor also supports these bills.

Under the current excise legislation, excise duty is imposed on the actual alcohol strength, not the labelled strength, of excisable alcoholic beverages. The Australia New Zealand Food Standards Code allows for a variation between labelled strength and actual strength for alcoholic beverages consumed in Australia. Consequently, there is a potential loss of revenue when manufacturers reduce the alcohol content of a product and pay excise on the content while labelling their product at a higher alcohol strength allowed by the food standards legislation.

Manufacturers who pay excise duty on the basis of actual strength and not the labelled strength, where the actual strength is lower than it says on the label, can gain a competitive advantage. Treasury believes that currently some manufacturers of RTDs label their beverages with an alcohol content of five per cent when they have an actual content of 4½ per cent. To prevent this practice from spreading throughout the industry, the government has decided to charge excise duty on the labelled alcohol content where the labelled strength exceeds the actual alcoholic content.

Currently, the Excise Act 1901 does not have a method for determining the alcohol content of a beverage. A new provision will give the commissioner the power to determine, by instrument in writing, the rules of the determination of the alcohol content. In making the rules for working out the alcohol strength of beverages, the commissioner may make different determinations for different classes of alcoholic beverages. I understand that Treasury anticipates that the commissioner will make the rules in consultation with the manufacturers.

While it is obviously desirable to accurately label the content of excised alcohol products, removing the incentive for manufacturers to reduce the alcohol content of their product may result in the alcohol content of some products rising, with some health implications. However, it is not good public policy to deceive people, and exaggerating on the label the alcohol content of a product is not an appropriate way of manipulating people to consume less alcohol. There is a valid public policy objective in encouraging people to reduce their alcohol consumption where that consumption has negative implications for their health. Responsible sections of the alcohol industry call this 'encouraging people to enjoy in moderation'. Public policy responses include education, programs to address substance abuse, and the use of taxation to discourage consumption.

Unfortunately, these approaches do not, either individually or collectively, provide more than a partial solution to the problem, because there are many factors that contribute to alcoholism. One of the things that state and federal governments have done over the years is to encourage moderation by giving people a price signal in favour of low-alcohol beer. As I said in debate on the last set of excise and customs bills, there is an argument for extending concessional excise treatment to low-alcohol RTDs, or ready-to-drink products. When I made a suggestion about low-alcohol products, the government responded to me by saying that the Distilled Spirits Industry Council of Australia had put up some proposals which they costed at \$82 million.

Alcohol taxation is complex. The current situation is set out on the department's web site. Presently we have a situation where beer which is in individual containers not exceeding 48 litres in size and has an alcohol content not exceeding three per cent by volume is taxed at \$28.95 per litre of alcohol, calculated on the amount by which the alcohol content by volume exceeds 1.15 per cent. Beer in individual containers not exceeding 48 litres in size, with an alcohol content exceeding three per cent but not exceeding 3½ per cent by volume, is taxed at \$33.75 per litre of alcohol, calculated on the amount by which the alcohol content by volume exceeds 1.15 per cent. Beer in individual containers not exceeding 48 litres, with an alcohol content exceeding 3½ per cent by volume, is taxed at \$33.75 per litre of alcohol, calculated on the amount by which the alcohol content by volume exceeds 1.15 per cent. Beer in individual containers exceeding 48 litres, with an alcohol content not exceeding three per cent by volume, is taxed at \$5.78 per litre of alcohol, calculated on the amount by which the alcohol content by volume exceeds 1.15 per cent. Beer in individual containers exceeding 48 litres, with an alcohol content exceeding three per cent but not exceeding 3½ per cent by volume, is taxed at \$18.16 per litre of alcohol, calculated on the amount by which the alcohol content by volume exceeds 1.15 per cent. But other alcoholic beverages not exceeding 10 per cent alcohol content, including ready-to-drink or pre-mixed spirits, are taxed at \$33.75 per litre of alcohol. Brandy is taxed at \$53.38 per litre of alcohol. Fruit brandy, whisky, rum and liqueurs are taxed at \$57.17 per litre of alcohol. Other spirits and alcoholic beverages exceeding 10 per cent alcohol content are also taxed at \$57.17 per litre of alcohol.

The effect of lowering the excise on low-alcohol spirit RTDs might well be to increase the market share of spirits at the expense of the brewers and government revenue, without resulting in a substantial reduction in alcohol consumption. Change relative prices, and consumers may change their choice of product but they will not necessarily change their basic consumption behaviour. This is called a substitution effect. Debate about alcohol taxation has usually been aimed at achieving these substitution effects, increasing one product's market share at the expense of another by adjusting the relative tax levels. Since there are different excise re-

gimes for spirits and beer, and since wine is taxed on value, there is plenty of opportunity for the various protagonists to mount arguments that are convenient for them.

However, the tax regimes for the various products have a history, and the differentials have proven quite resilient over time. Changes have been at the margin to achieve revenue and other objectives, and I expect that changes will continue to take place at the margin. There are two areas where there is scope for adjustment of the current taxation of alcohol. The first is the absence of a low-tax regime for low-alcohol products other than low-alcohol beer. The Distilled Spirits Industry Council of Australia proposed a similar regime apply to low-alcohol RTD products as will apply to low-alcohol beer when the most recent excise and customs bills to go through the House eventually become law—that is, a tax-free threshold for the first 1.15 per cent of alcohol in a product; an excise concession for low-alcohol beer, whether draught or packaged; and an excise concession for mid-strength draught product but not for mid-strength packaged product.

The cost of these three measures is, as the government has already pointed out, very high. While a tax-free threshold of 1.15 per cent of alcohol by volume would accommodate very low-alcohol products, it would represent a tax cut for other spirit products. DSICA suggested an option of adjusting the rate of excise to compensate for that loss of revenue, but that is not what they were asking for in the first instance. There is, as I said in the debate on the previous customs and excise bills, an argument on health grounds for lower tax to apply to low-alcohol products to at least provide an incentive for their consumption over full-strength products, as is the case with beer. I would be interested in hearing the views of both the spirits industry and the wine industry on this and how it should be funded. This debate could be very constructive, particularly if each sector of the industry is prepared to examine how its own tax regime could be adjusted to encourage consumption of low-alcohol products and does not expect the relativities to be changed so that they can be funded by other sections of the industry. Australia is a country where social drinking is the norm. Connoisseurs of fine wines and spirits aside, there would be real benefits from giving people the choice and an incentive to choose low-alcohol products to consume in social situations.

The other alcohol tax change that is overdue is reform to the wine equalisation tax, WET. Last year I chaired Labor's wine tax committee. The other members were the member for Hunter, Senator Sherry, the member for Bass and the member for Cowan. Before I go any further I should declare, as I did in the committee's report, an interest: I am an independent grape grower but my interests do not extend to winemaking—and I do not expect them to for quite some time, if ever! Wine is not subject to an excise; it is subject to an ad valorem tax of 29 per cent. With the new WET and the GST, Australia has the most heavily taxed wine industry in the world. The wine industry has both big and small producers and makes both value and premium wines.

Views on the taxation of wine have been divided within the industry for many years. The industry was united on nothing other than its collective opposition to action by successive governments to increase the level of taxation on wine. Small winemakers, particularly in WA and Tasmania, have traditionally shared with the spirits industry a view that wine should be taxed by volume of alcohol. That would reduce the tax on premium wines. Winemakers, both big and small, in the other states have taken the view that ad valorem taxation should be maintained. Ad valorem taxation at the current rate has meant value wines are relatively low taxed on a comparison of tax per standard drink. Premium wines, at about \$15 a bottle, are relatively highly taxed on a standard drink basis but are not as highly taxed as brandy and spirits. But super premium wines are the most highly taxed alcoholic beverages on both a

standard drink and an absolute basis. I understand that one of the reasons that the Howard government set the WET in the way it did was because it did not want to see the price of Grange Hermitage and Hill of Grace fall as a result of the introduction of its new tax system. The wine industry felt it was disadvantaged by the introduction of the WET, and that if it had been a wine equalisation tax and not an wine increase tax it would have been struck at 24½ per cent and not 29 per cent.

After extensive consultation with the industry in all states, Labor's wine tax committee found that there were two wine industries: small wineries with high cost structures and no economies of scale in either production or marketing, and large wineries with very low cost structures and huge market power. The small wineries have been responsible for the resurgence of many country towns, regional areas and the image of the industry. The large wineries have led Australia's massive growth in wine exports. Each is dependent on the other, and a wine tax that favours one group over the other would not benefit the industry as a whole.

The people on the Labor Party's wine tax committee came from Tasmania, Western Australia, South Australia and the Hunter, so we basically represented a group of interests and were aware of the sorts of problems that the industry as a whole is facing. The committee identified very early in the process that with the introduction of a federal wine equalisation tax there were going to be no exemptions from the old state liquor franchise fees that had prevailed before. One of the first things that the committee did, at the suggestion of the member for Hunter, was to propose that there be an exemption from the WET for small wineries. We were unsure as to how to set that exemption. Labor first proposed an exemption for a wholesale value of about \$100,000. When the Prime Minister did his deal with Senator Lees to get the whole of the new tax system package through, the government agreed that they would adopt an exemption and set that exemption at about \$300,000. The Treasurer then spent a considerable amount of time trying to renege on that deal, and he was partially successful in the end.

After many months of agitation by the Labor Party, and with the Democrats having completely given up, the Treasurer one day rang Senator Lees—I suspect at the behest of the Prime Minister. He called Senator Lees and Senator Murray around to his office and they had a meeting, which I understand lasted for a couple of hours while they thrashed out something that was supposed to approximate the deal that the Prime Minister had done with Senator Lees to get the tax package through. That was a system not of exemptions but of rebates and it was a system that was shared between the states and the Commonwealth, so the states were left with the cost of their rebates and the Commonwealth offered a top-up taking the value of the two rebates to \$300,000.

This left the winemakers in a difficult situation—it was a rebate and not an exemption. They had to have the working capital to pay the tax. They had to contend with the paperwork required to go through the process of claiming the rebate and had to claim the rebate from two different levels of government. It was a rather awkward way of going about instituting a fairly simple promise that had been made by the Prime Minister. The Labor Party maintained the view that it ought to be an exemption and, in fact, moved amendments to make sure that it was an exemption. One of the ironies of the whole process was Senator Lees voting against a Labor Party amendment to implement the promise that she had extracted from the Prime Minister. Eventually the legislation passed as a rebate.

The wine industry over the course of our deliberations had four different policies. One of the things that struck me very early in the discussions that we were having was the difference between the large wineries and the small wineries and their cost structures. We were going

around vineyards in Tasmania and most of the ones we visited had a winery building and a few acres—and I do mean a few acres, in some cases two or three acres—of grapes stretching up a hill.

Mr Slipper—Did you sample the products?

Mr COX—We did on occasions, yes, but surprisingly little. At one of those wineries I can remember most clearly the level of production: they were picking grapes and putting them in shopping baskets. They were then putting them into a crusher which had a mouth on it probably less than a foot across. It was very small-scale production with probably fewer than 50 barrels to hold the stock. Obviously, on that basis, it is not a huge and profitable industry. In fact, a lot of small wineries were arguing that from a \$20 bottle of wine, after they took out their costs and after they paid their tax, they were getting back only about 50c, which is pretty cruel.

It is pretty hard to market from a small winery, and that is one of the reasons I would say to the parliamentary secretary that I would not be in a hurry to go into the small winemaking business. It is a battle to get shelf space; you do not have the marketing advantages that the big wineries do. The big wineries can do a deal with a liquor chain and can unload a lot of wine very quickly and expeditiously. Small wineries just cannot get the shelf space, and they wind up with a marketing technique that involves going to restaurants and selling out of the boot of the car. They are totally dependent on cellar door sales and on mail order. They face a completely different world from that of the big wineries. The big wineries can in some cases produce wine almost as cheaply as you can bottle water and can get it distributed and sold at remarkably low prices. There really are two different industries.

It struck me fairly early in our deliberations that one way of solving the cost problem for the small wineries and perhaps encouraging them not to advocate volumetric taxation, which would have been to the huge disadvantage of the large wineries and grape growers producing non-premium grapes in the big irrigation areas, was to offer them an exemption. It is worth mentioning that changing cropping in those areas from citrus and other products to grapes—putting them on microdrip irrigation and things like that—has enormous environmental benefits relative to other crops in dealing with salinity and reducing water consumption, and you do not want to discourage people from converting to grapes in the irrigation areas. So we would be able to solve the volumetric ad valorem debate within the wine industry by offering the small wineries a decent and appropriate level of exemption. You can debate what that level should be, and there were some people in the industry who had fairly large notions of what a small winery was and of how big the exemption should be.

We realised that if it were set at a dollar level there would always be pressure on government to index the exemption; otherwise it would be eroded, and it would be much smoother and much more efficient to set it as an exemption for production of a certain number of litres of wine. We dealt with suggestions from the industry for an exemption of up to a million litres of production. I did not think that would constitute a small winery, and I said so to the Winemakers Federation board. I was pleased that a lot of people in the Winemakers Federation did not think a million litres would constitute a small winery either; the upper bound of their negotiation was about 600,000 litres. We had this committee, and the Winemakers Federation went through four different policies while we were deliberating. They eventually came to a policy very similar to the one we advocated.

Our committee recommended—and I will only read the recommendations that relate to the wine equalisation tax—that we adopt as a policy an ad valorem tax regime for wine and that we maintain the wine equalisation tax at 29 per cent of wholesale value. It was absolutely a

red-letter day when the Winemakers Federation walked into my office and said that they were prepared to drop 24½ per cent as an ambition and go for 29 per cent WET because it made the whole thing a lot less expensive and more doable. Our committee also recommended that we adopt a policy of replacing the current state and federal rebates for cellar door and mail order sales with a WET exemption for all wineries set at an appropriate threshold expressed in litres on domestic sales; that we join with the wine industry in a campaign for the immediate adoption of this new structure for the taxation of wine; and that we hold discussions with the wine industry on possible arrangements for a phased implementation, subject to budgetary conditions of a WET exemption at an appropriate level, in the event that the current government rejects the proposal.

This report came out just before the election, and the Winemakers Federation passed a resolution saying that they agreed with the report, subject to setting a satisfactory level for the exemption. In the election campaign, we proposed the option of small wineries taking an exemption if they had production up to 50,000 litres. The Howard government proposed no such exemption. In fact, the only thing that they offered the wine industry was a committee. That committee has subsequently been set up and given terms of reference which do not include wine taxation. The terms of reference include tourism and exports but they specifically do not include wine taxation. The committee has been doing some touring, and the issue raised everywhere is the level of wine taxation.

It is time that the government seriously looked at the exemption situation and tried to put it on a regularised basis that does not create a situation where they are asking the states to pay a rebate on a federal tax, when the Commonwealth keeps all of the proceeds of the federal tax. With a glut likely to occur in the production of grapes over the next few years because of all the plantings that have taken place recently—this did not bite in the last harvest except in some irrigation areas because there was relatively low production due to weather and other circumstances across south-eastern Australia—it would be very timely for the government to address this issue and to make sure that our small wineries, which are feeling the cost pressures, are put on a basis that is as sustainable and as healthy as possible. I am very interested in the Parliamentary Secretary to the Minister for Finance and Administration's response to this important issue.

My Labor Party colleagues and I have set up another wine committee. This time it is not a wine tax committee but a wine committee to progress issues—whether they are issues about trade, tourism, wine tax or research—which will benefit the wine industry. There are 15 members of this committee. It is chaired by the new member for Ballarat, who is a very energetic and forthright advocate for the industry. The first thing that we are doing is writing to every winery in Australia, sending them a copy of this wine tax report and reminding them that this is an issue that the government is not addressing and has specifically decided to ignore in the context of the review that it promised at the last election.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.24 a.m.)—in reply—I want to thank the honourable member for Kingston for his speech which, in many respects, was well removed from the particular provisions of the *Excise Laws Amendment Bill (No. 1) 2002* and the *Excise Tariff Amendment Bill (No. 2) 2002*. It is, however, an area of the law in which the member for Kingston has a particular interest. He mentioned that he was a wine grape grower and no doubt he has thought long and hard about the comments that he has contributed to parliament. With respect to the specific matters he raised, I will refer his speech to the Assistant Treasurer and Minister for Revenue and no

doubt she will find the comments made by the honourable member for Kingston somewhat interesting.

In his speech the member for Kingston referred, of course, to the taxation of wine, and it is correct to say that the industry views are divided. The fact is that across the industry as a whole the wine industry pays significantly lower tax than the spirits industry. The wine industry itself commissioned a study that found that the price and tax effects predicted in A New Tax System were very closely delivered following tax reform—that is, the 29 per cent WET produced outcomes predicted. The member for Kingston also spoke about cellar door rebates versus exemption. I want to point out to the honourable member that the cellar door rebate system is a targeted measure to assist small producers, and the exemption mechanism could be exploited by artificial means of company splitting to qualify a number of times. The existing rebate is directly tied to small wineries operating at cellar doors as a means to encourage regional economies and also tourism. I imagine the member for Kingston would applaud that particular aim.

The member for Kingston also referred to the possibility of extending concessional treatment to low-alcohol ready-to-drink products—that is, the Distilled Spirits Industry Council of Australia option—similar to low-alcohol beer. I want to place on the record that the government did consider alcohol tax at the time of tax reform, and we took external submissions into account. The RTD taxation is similar to but not exactly the same as for beer and, following tax reform, there were significant benefits to RTD producers, and the government has not announced or discussed further significant policy changes to alcohol taxation arrangements. Having said that, I did undertake to the honourable member that I would refer his comments to the Minister for Revenue and Assistant Treasurer, and I will do so.

The Australia New Zealand Food Standards Code allows for a variation between label strength and actual strength for alcoholic beverages consumed in Australia. With the limits set by the code, manufacturers are allowed to label drinks with a higher alcohol content than they actually have. Without the changes in this bill, there is concern that the practice of overstating alcohol content on the label could spread because manufacturers may gain a competitive advantage from offering what looks like an expensive drink at a relatively low price. This also represents a risk to the revenue. A measure was therefore announced on budget night to deal with the problem. It affects only a small number of manufacturers at this stage but the concern is that other manufacturers may adopt the practice if it is not checked. The bill deals with the problem such that by changing the rule that currently applies the excise duty on excisable alcoholic beverages is calculated on the basis of the actual alcohol strength of the beverage. These two bills together will mean that excise duty will be charged on the basis of the alcohol content shown on the label of the bottle or can where the label's strength exceeds the actual alcoholic content. For the purpose of this measure, an unlabelled alcoholic beverage—for example, beer in a keg—of the same kind as a labelled product such as bottled beer will be treated like the labelled product.

The opportunity has also been taken to correct a longstanding deficiency in the excise laws. The bills will give the commissioner the power to determine, by instrument in writing, rules for working out the content of alcohol in the beverage. The rules may specify sampling methods and permit unavoidable minor variations between the nominated or label strength and the actual strength as a result of the manufacturing process. I gather that the member for Kingston is actually supporting the bill, even though he did not talk on the bill. I commend the bill to the chamber.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

EXCISE TARIFF AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 26 September, on motion by **Mr Slipper**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**NEW BUSINESS TAX SYSTEM (CONSOLIDATION AND OTHER MEASURES)
BILL (No. 1) 2002**

Cognate bill:

**NEW BUSINESS TAX SYSTEM (FRANKING DEFICIT TAX) AMENDMENT BILL
2002**

Second Reading

Debate resumed from 26 September, on motion by **Mr Slipper**:

That this bill be now read a second time.

Mr McMULLAN (Fraser) (11.32 a.m.)—As I was saying before I was so politely interrupted, the New Business Tax System (Consolidation and Other Measures) Bill (No. 1) 2002 is the third tranche of consolidations and it also contains further amendments arising from the new simplified imputation system. The minor additional bill dealing with the franking deficit tax makes further consequential amendments arising from the new imputation changes. The opposition support the principles underlying the bills before us today. We continue to have concerns with regard to the implementation of the reforms, but essentially we agree with the direction being taken in the bills and we will support them. However, given the extraordinary complexity of the consolidations measure, we will again seek to refer the bill containing the third consolidations tranche to the Economics Legislation Committee when it reaches the Senate. As for the previous tranches, we are happy to cooperate to undertake this further examination in a timely manner so that it is not held up unnecessarily.

I will now turn to the detail of the bills. The consolidations measure aims to implement the Ralph recommendation that groups of wholly owned entities be permitted to choose to be taxed as a single entity rather than on an entity by entity basis. There have been two tranches of consolidations legislation so far. The first provided a broad overview of the consolidations measure and set out ongoing rules for joining an existing consolidated group. The second set out cost-setting rules for the initial formation of the consolidated group, the treatment of attribution accounts held in relation to interests in foreign entities, and the transfer and pooling of foreign tax credits.

This third tranche contains further cost-setting rules to cater for consolidated groups and linked entities joining existing consolidated groups, and for trusts joining or leaving a consolidated group. It contains measures to address some revenue risks; modifications to allow a consolidated group to continue to exist even though the head company is replaced by a new shelf head company; consequential amendments to ensure that the core rules apply in an appropriate manner to multiple entry consolidated, or MEC, groups; and additional rules to deal with the attribution of income and deductions when a subsidiary is in a consolidated group for

only part of the year. It contains modifications to the removal of the existing grouping provisions to allow the transfer of losses between an Australian branch of a foreign bank and the head company, amendments to ensure that the thin capitalisation regime continues to operate as intended under the new consolidations regime, amendments to ensure that the existing provisions under income tax law for research and development deductions interact appropriately with the new consolidations regime, and technical corrections to the consolidations losses rules and the MEC group membership rules.

The opposition has consistently supported the principle of consolidations to minimise compliance costs and to strengthen the integrity of the tax system, and we continue to do so. However, this is an extremely complex measure with very large revenue costs—over \$1 billion over the forward estimates period. It is only proper that the parliament check that it works as well in the detail as it is claimed to work in principle. For the two previous tranches, the opposition has done this check through the Senate committee process, with speedy referrals through the Economics Legislation Committee. We will seek to do so again with this bill. This committee process has been very beneficial in bringing attention to difficulties hidden away in the detail of the previous tranches. I note, for example, that in the public hearing on the second tranche earlier this week, there were some very constructive discussions regarding the detail of various consolidations, value-shifting and demergers provisions.

The government's tardiness in bringing the measure forward means that it is now nearly four months after the proposed starting date, so we recognise the importance of making sure the legislation is not held up unnecessarily. Nevertheless, it is not just our right but our responsibility to apply substantive parliamentary scrutiny to the legislation, and we will do it. I note that it was initially expected that this third tranche would complete the consolidations measure. However, the government has now indicated that yet more legislation is required to be introduced later this year. Press reports have suggested that this remaining legislation is expected to be relatively minor, with the Corporate Tax Association being quoted as saying that the existing three tranches provide:

... 98 per cent of what's needed to breathe life into these measures.

However, I note that the government itself has been a little more cautious, with the EM stating only that the rest of the legislation will deal with:

... remaining discrete and specialist areas of the regime.

The opposition and I would appreciate from the parliamentary secretary some more definitive advice from the government on how much more legislation we can expect on this measure. Do we really have 98 per cent of the measure before us or is it 90 per cent? Should we brace ourselves for a never-ending story—as it has been for the Ralph package as a whole, with measures being tacked on, revised or even abandoned according to the government's fancy? At what stage can we be confident that the legislation provided to the parliament will really constitute a working whole, with subsequent legislation only providing detail? This will obviously affect our decision on whether the passage of the tranches currently before the parliament should be made contingent on the presentation of future legislation. We would appreciate this further advice as soon as possible. Possibly the parliamentary secretary could provide this at the conclusion of the debate.

The main bill also contains further amendments to the existing income tax law arising from the new simplified imputation system. These relate to modifications to arrangements for the intercorporate dividend rebate, a broadening of the exemption from the benchmark rule for franking, provisions relating to distributions on non-share equity interests and some franking

transitional rules. The amendments are not expected by the government to have any revenue impact. These appear to represent sensible and uncontroversial consequential reforms arising from the introduction of the new simplified imputation system and, accordingly, we will support them. There are some consequential amendments to the minor additional bill we are dealing with that relate to franking deficit tax liability. These are not expected to have any revenue impact either. The original bill was only introduced at the end of May, so it seems extraordinary that these changes could not have been foreseen at that time. Nevertheless, the substance of the amendments appears to be sensible and uncontroversial, and we will support them accordingly.

Having dealt with the specifics of the bill, I would like to turn to a couple of thematic issues regarding business tax reform and the context in which we are considering these bills. I have noted already that the extraordinary complexity of the business tax legislation that has been coming forward from the government is causing concern. As an illustration, the business tax bills presenting the three consolidation tranches since May—that is, in the last five months—have come to over 650 pages of legislation and nearly 900 pages of explanatory memoranda. I understand that consolidation is a major measure and that these bills have covered some other substantive measures, such as the new value shifting regime. I also understand it is easy for people outside government to espouse simplicity. It is those inside who are ultimately responsible for protecting the revenue, and dealing with complex taxation concepts and transactions must, of necessity, introduce a base level of complexity to the drafting.

Let me go even further and suggest that some business interests are prone to walk on both sides of the street on the question of tax simplicity. They say they want simplicity—which generally means principles based drafting, backed up by broad anti-avoidance measures—but they simultaneously want certainty, which generally means narrowly defined drafting and guaranteed safe harbours from tax scrutiny. So I understand there is a very difficult balance to be struck. However, I am concerned the balance at present is not being struck correctly. We are increasingly seeing a bias in favour of more and more complexity. The clearest evidence of this is the continuing protests regarding the compliance burden imposed by the tax system on Australian business. In recent times we have had the extraordinary spectacle of Australia's peak accounting bodies in open revolt against the compliance burden with respect to the GST, saying they have had enough of the ridiculous contortions imposed by the so-called simplified taxation system.

This has been reinforced this week by evidence given to the Senate Economics Legislation Committee inquiry into the second tranche of the consolidations legislation. It highlighted very serious concerns regarding the start-up compliance costs imposed by this new consolidations regime, as well as the additional compliance burdens from the new value-shifting regime. I do not want to go to the detail of these concerns, but I note for the record that there does seem to be a serious storm brewing amongst tax professionals in the business tax area as well. I gather the government will be seeking to address these concerns through education programs for tax professionals and the like. However, if they were serious about the issue, they would seek to address the problem at its source—in the legislation itself.

At the moment, it is simply not realistic to expect that a general interested reader or taxpayer will understand anything more than the highest level summary of the legislation. This is not good enough. It fails to do its proper duty to the parliament and, more particularly, to the public. In my view, a substantial part of the anger about the compliance costs imposed by recent tax changes has been precisely for this reason. Too many of these changes have been all but incomprehensible, even to those with a general understanding of tax and a detailed under-

standing of their own financial affairs. A modest amount of tax-simplification prevention would surely be far better than millions of dollars of attempted tax-education cure. I believe more effort needs to be put into clearer, plain English expositions of the tax principles in the legislation itself and in the explanatory material prepared for the parliament. The aim should surely be to ensure that an interested general reader or taxpayer could follow the direction of the law not just for the overview of the legislation but for its significant components. I leave that as a challenge for the government to take up, perhaps initially through the Board of Taxation or through some independent body.

Let me turn now to the second thematic issue that sets the context within which we are looking at this legislation: the overall revenue neutrality of the business tax reforms. On the expenditure side, when it comes to offering concessions to business interests, we have found that the Treasurer is always quick to open the Commonwealth's purse. He spent \$1 billion here on consolidations and another \$1 billion there on restoring depreciation concessions, with hardly a second thought, but he has been noticeably tardier on measures in business tax reform that were designed to protect the revenue.

In this vein, I welcome the modifications to the consolidations measure in this bill, which finally address some of the revenue integrity concerns pursued by the opposition in both houses and through the Senate committee process. There can be no doubt that these modifications have come about thanks to the rigour of the parliamentary process acting as it should. It emphasises yet again the critical importance of allowing time for appropriate parliamentary scrutiny of such complex legislation. As I indicated in the debate on the previous tranches of consolidations, Labor's support for the Ralph reform package has always been on the clear condition of revenue neutrality. We all know now that this condition has not been met. It is just another in the long list of the Howard-Costello government's broken promises.

I am sure the Treasurer wishes the issue would just fade away. Despite repeated requests in this House and in the Senate, the Treasurer still refuses to release any updated estimates on the true cost of business tax reform. Of course, it will not just fade away as an issue because questions of revenue underpin almost every decision that a government makes, and the Treasurer himself knows that. After all, he was quoted in London recently as saying:

... the biggest gripe that they—

and by 'they' he meant finance ministers—

have is that when they're in a Cabinet there are generally sixteen or seventeen people who want to spend money and one that wants to save it and this is an occupational hazard of Finance Ministers which we all have in common and share around the world.

This should be treated with the usual scepticism that applies to the Treasurer's portrayal of his heroic solo efforts. After all, each year we see the newspapers reporting that the Treasurer dashes out his budget speeches in longhand from scratch on the weekend before the budget is released. But at least the quote does show that the Treasurer is aware of the critical importance that fiscal discipline plays in responsible governance. Unfortunately, it does not seem to have been working in practice for the government. As my colleague the member for Kingston has been pointing out, the government's response to every bump in the road has been to loosen fiscal policy on the expenditure side and to turn to a new tax to fund the gap they have created.

The problem with fiscal discipline for any government, of course, is that it is hard. There are always many more worthy causes for the spending of public money than money to spend on them. This means that each and every spending choice, whether by direct government

payment or equivalently by the government deciding to offer tax concessions, must be considered with equal rigour within the fiscal framework. This is the rigour that needs to be applied to legislation such as this concerning business tax as well as to orthodox expenditure propositions. Let me emphasise that this does not mean we are intrinsically hostile to requests for special incentives, grants or concessions from business interests; it is just that we believe they should be scrutinised with the same rigour as calls for spending from other sectors in the community. We continue to be open to being convinced on the merits of expenditure proposals in business tax reform to improve national economic welfare. However, we will continue to weigh their relative priority carefully against all other priorities both from within that sector and more broadly across the whole of the economy.

This is where the condition of revenue neutrality for the overall Ralph package comes in. It was a clear and direct fiscal test in the Treasurer's own portfolio and it is one that he has failed comprehensively. It is no wonder he will not release the updated balance sheet on business tax reform. He knows that the revenue will come up short, and the shortfall is being made up through increased taxation elsewhere. After all, it does not look good when you are applying for a new job to have to admit your results were not too flash in the last one. The problem for the Treasurer is that in his job there are external examinations, so the impact of his actions will show up eventually. Just last month, his final assessment for last year came in: a budget which has gone \$1.3 billion into deficit at a time when the economy continues to grow strongly and at a time in the budget cycle when you would expect the budget to be in surplus. This \$1.3 billion deficit is despite the Commonwealth now being the highest taxing Commonwealth government in Australia's history. We learnt recently that the budget would have gone a further billion dollars into deficit if the losses from currency swaps had been properly brought to account. There is no doubt that this weakening of the budget has severely compromised Australia's options for genuine economic reform into the future.

The opposition supports the principles underlying these bills. They are sensible extensions of business tax reform. However, given the complexity of the consolidations measure and its significant revenue implications, it is our intention to apply further and rigorous parliamentary scrutiny to that bill by referring it to the Economics Legislation Committee when it comes before the Senate. It is my understanding that it is the government's wish that the two bills be kept together to avoid any timing issues. We are happy to respect this and move for them to be referred to the committee together. I understand the Senate's processes. Formally it will go there when we pass it but they make decisions about whether it will go earlier. I accept that the parliamentary secretary is correct about that. I simply make the point for the record here in the Main Committee that it is our intention to refer the principal bill. If, as I understand it, the government wants both the bills, then we are happy to have them both referred—although, as I have said, the franking deficit bill seems to us to be quite minor.

I note that the government has again needed to bring forward last-minute corrections to the bill. Given that we intend to refer the bill for Senate committee scrutiny in any event, we do not intend holding up the passage of the bill because we have not been able to assess the merit or significance of these corrections. But I think it does underline yet again the issue regarding the increasing complexity of these bills. Even the government does not seem to understand them when it brings them forward. Nevertheless, notwithstanding the general reservations we have in the broad about the process of business tax reform, the measures in these particular bills have our support in principle. We will support them in the House and subject them to scrutiny in the Senate where, depending upon the outcome of that scrutiny, we expect them to pass.

Ms LEY (Farrer) (11.52 a.m.)—I welcome the chance to speak on the **New Business Tax System (Consolidation and Other Measures) Bill (No. 1) 2002** and the **New Business Tax System (Franking Deficit Tax) Amendment Bill 2002**. The consolidation and other measures bill follows the May act and the June bill, both dealing with the rules for consolidations. Before I discuss the bill in detail I would like to address a couple of the comments made by the member for Fraser, who was concerned about the compliance burden on businesses, and point out that the bill goes a long way towards addressing those compliance burdens. I also quote, in relation to those comments, from an article from the *Financial Review* of Saturday 17 March 2001:

The Treasurer's office asked the Corporate Tax Association, which represents Australia's largest companies on tax matters, to survey its members about whether they wanted tax consolidation. Eighty per cent replied that they did.

So I believe that this bill and these measures go ahead with the broad support of our corporate community.

The member for Fraser also commented that the average taxpayer has difficulty understanding complex tax measures. Of course that is the case, particularly when you consider that the average individual does not operate a business through wholly owned groups of consolidated companies. I support the rewritten taxation act. The new income tax act of 1997 has rewritten substantial provisions in plain English. People in my own electorate of Farrer who consult the act directly on land care provisions and other pieces of legislation that apply to them in their farming enterprises have no trouble understanding the plain English words of the act.

For most corporate groups the measures in the bill will provide the necessary legislation to enable them to go ahead and consolidate. Further legislation introduced later this year will deal with remaining specialist areas of consolidation. During 2001 significant draft legislation on business tax reform was put out for public comment. The Board of Taxation was set up to oversee the consultation process. The Minister for Revenue and Assistant Treasurer is responsible for progressing various business tax reform measures, including the introduction of consolidation.

It is useful at this point to give some background on what the consolidation regime is, how it works and what it means for taxpaying companies. From 1 July 2002, eligible wholly owned groups can consolidate to form a single entity for income tax purposes. The head company pays pay-as-you-go instalments and self-assesses a single annual income tax liability on behalf of the whole group. Note that this is an income tax liability. Consolidation does not affect other tax obligations such as GST, FBT and pay-as-you-go withholding. A consolidated group can be formed by a single Australian resident head company and all its eligible wholly owned Australian resident subsidiaries. The subsidiaries may be companies, partnerships or trusts. A foreign owned group of Australian resident subsidiaries may be able to consolidate by forming a multiple-entry consolidated group. The head company of the consolidated group chooses for itself and all its subsidiaries to be treated as a consolidated group for income tax purposes. The decision to consolidate will usually remain in place until the head company ceases to be a head company. The subsidiary membership, however, may change from time to time. Participation is optional, but it is irrevocable.

Consolidation simplifies the taxation of wholly owned groups and reduces compliance costs, because transactions between members of the group are ignored for income tax purposes; losses, franking credits and foreign tax credits are pooled; pay-as-you-go instalments are aligned with annual income tax obligations; and a single income tax return and pay-as-

you-go instalments replace multiple reporting requirements for the entire group. Importantly, consolidation reduces opportunities for tax avoidance through loss creation and value shifting. Without legislation for consolidation, the income tax system treats each company in a wholly owned group as a separate entity, meaning that each entity must separately account for all transactions and debt and equity interests with each other. For business, this is costly and may obstruct formation of the most efficient business structures.

The community may view existing grouping provisions as opportunities for tax avoidance through artificial arrangements. Consolidation will improve efficiency and reduce the cost of compliance by groups reorganising themselves and possibly ending the need for complex business structures. Most small businesses use straightforward business structures, and this legislation is unlikely to affect them. Similarly, sole traders are not affected by the legislation. Consolidation only becomes relevant when one company wholly owns at least one other business entity. The benefits of consolidation for a particular group will vary from group to group, but the compliance cost savings which should occur from not accounting for intragroup transfers for tax purposes and from not having to meet multiple pay-as-you-go instalment obligations should not be underestimated.

The cost of compliance has sometimes been referred to as a deadweight cost, a deadweight loss. In other words, time and resources are spent providing information to the tax office. This information may not be of any use to the company for any other purpose. It may not be required under any accounting standard. Therefore, to be able to do away with it is a significant benefit to the company or entity concerned. Consolidation allows this by treating the wholly owned group as a single tax entity. This means that there can be income tax free movement of assets between entities, with no rollover requirements; the buyback of shares without triggering a capital gain or loss, thus simplifying equity restructuring in some circumstances; and the liquidation of a member entity without creating a deemed dividend or capital gain or loss.

The existing grouping provisions for wholly owned groups will be removed from 1 July 2003. All businesses using these provisions should carefully analyse the consequences of not consolidating. If a group chooses not to consolidate, it will no longer be able to transfer losses or excess foreign tax credits between group members, transfer assets between members free of capital gain or use the intercorporate dividend rebate for franked or unfranked dividends.

From 1 July 2002, prospective buyers of an entity that is wholly owned by a company need consider the consolidation status of that company when making assessments as to its value. A buyer would need to be aware that an election to consolidate could have implications for who gets the losses and franking credits of the entity, what the cost base of the entity's assets is and who is liable to pay tax for the period when the entity was part of the group. As part of the integrated tax design process, the ATO has consulted widely with business representatives and advisers and developed a blueprint of the steps to consolidation, known as the consolidation pathway. These steps are a useful guide for taxpayers. The steps cover choosing whether or not to consolidate; formation of a consolidated group; and operating as a consolidated group, which covers the responsibilities of the head company.

To return to the legislation in question, the Minister for Revenue announced at its introduction that it:

... includes the important third stage measures in the progressive introduction of the consolidation regime into Parliament, and builds on the core consolidation platform introduced in May and June 2002.

The minister also said:

The imputation measures contained in this Bill form part of the package of amendments needed to implement the new simplified imputation system which simplifies and gives more flexibility to companies franking dividends to shareholders.

I commend the ATO and the minister for the way in which they have rolled out this complex tax legislation in a new inclusive way. Normally, legislation is introduced into parliament and eventually gets passed, and business runs around in a panic working out what it all means, how to use it and how to avoid getting penalised for doing the wrong thing.

The process that saw the introduction of the consolidation measures was really a codesign of the legislation with industry groups and practitioners. Users of the legislation were shown it early on, were able to comment on it and had the opportunity to understand some of the problems. Codesign allows progressive development that takes into account the feedback of the users, who make an important contribution. A series of consultation forums and feedback workshops were held around Australia. I am pleased to say that regional areas were included; my own home town of Albury was a venue for one such as session. I took the opportunity to attend. It was well attended by local practitioners who had their say and had their input heard. I am sure they made the point with ATO representatives that they want the ATO off their backs and they want to be free to pursue the income earning activities of their businesses rather than have to deal with technicalities required by the tax office. This measure is an important step in that direction.

To turn to some of the specifics of this particular piece of legislation, as stated the key measures of consolidation were contained in the May consolidation act and June consolidation bill. The measures in this bill will: modify apportionment rules for income and deductions where a subsidiary member of a group has only been consolidated for part of an income year; modify membership rules to ensure that a consolidated group will not cease to exist if a new head company replaces the existing head company; modify the general cost-setting rules in certain circumstances; complete the removal of the current grouping rules in relation to foreign tax credits, thin capitalisation, intercorporate dividend rebate and capital gains and losses; and make amendments to the May act and the June bill to address issues raised through consultation.

This bill also contains amendments relating to the new simplified imputation system that commenced on 1 July 2002. The amendments are straightforward. They will remove the intercorporate dividend rebate, particularly for franked dividends paid within groups after 30 June 2003 as a consequence of the consolidation regime; broaden the exemptions to the rule which requires dividends paid by a company to be franked to the same extent; and provide transitional rules relating to franking periods for early and late balancing companies. The New Business Tax System (Franking Deficit Tax) Amendment Bill 2002 will make minor and consequential amendments to the New Business Tax System (Franking Deficit Tax) Act 2002.

I will highlight some of the more important measures of the consolidation bill. Where a consolidated group joins another consolidated group, modifications are required to the basic rules of a single entity joining a consolidated group. Modifications expressed in this new law allow the consolidated group being acquired to be treated as a single entity for income tax purposes. This bill also allows special rules to work out the tax cost-setting amounts when trusts join or leave a consolidated group. Additional measures prevent unintended tax benefits being received when the cost-setting rules are applied.

Modifications to consolidation rules contained in the May act and the June bill were made as a result of the consultation processes. Changes to the membership rules will ensure that a consolidated group will not cease to exist even though the head company is replaced by a new

shelf head company—for example, those who wish to implement a Wallis report recommendation that an Australian bank should be able to interpose a non-operating holding company between the bank and its shareholders. The consolidated group will continue to exist, with the former head company as a subsidiary member and the interposed or shelf company as the new head company of the group. Changes to existing capital gains tax rollover relief for shareholders involved in a share exchange are also proposed after consultation with external advisers. The changes will help reduce unnecessary compliance costs by preserving a consolidated group where nothing of substance has changed within the group. The group will not have to apply cost-setting rules, including the tedious process of obtaining market valuations.

This bill also explains rules that apply to multiple entry consolidated groups. Specific modifications are needed to take into account the special characteristics of MEC groups. Unlike a consolidated group, an MEC group does not have an Australian resident head company but has two or more so-called tier 1 companies that are similar to the head company of a group. The modifications ensure that these tier 1 companies are treated as if they were the head company from a cost-setting perspective.

I referred previously to part-year rules. The existing provisions that split income and deductions between an entity that joins or leaves a consolidated group part way through the year and the head company do not deal with amounts that relate to a period of time; they only deal with amounts that relate to a single moment when income is derived or an expense is incurred. These amendments apportion amounts of an entity's assessable income and deductions that are spread over more than one income year by splitting them between the entity and the head company of a consolidated group that it joins or leaves in the year. The split is based on how much of the year the entity spent in the group.

This bill amends and upgrades various taxation acts following the introduction of the consolidation measures and reflecting changes to the law around capital gains tax rollover relief for asset transfers between group members. In addition, the Income Tax Assessment Act will be modified to make sure that it operates appropriately in respect of loss transfers between an Australian branch of a foreign bank and the head company of a consolidated group. As part of a new tax system, a new thin capitalisation regime was introduced. The objective of this regime is to ensure that multinational entities do not allocate excessive amounts of debt to their Australian operations. Following introduction of the consolidation regime, a number of amendments are required to ensure that the thin capitalisation rules continue to operate as intended.

The final amendment contained in the present bill that I would like to discuss relates to research and development provisions. It is important that the R&D regime interacts properly with the consolidation provisions, so that the policy intent behind both is preserved. Our income tax law contains a number of provisions that aim to encourage companies to invest in R&D activities. Amendments ensure that a head company qualifies for R&D deductions while any of its subsidiaries do, and that the expenditure history needed to access some R&D deductions is not affected by consolidation history rules.

In conclusion, in commending this bill, I remind members that in continuing to implement the new consolidation regime the bill provides for the ongoing implementation of business tax reform arising from recommendations contained in the Ralph Review of Business Taxation. No-one can deny that the performance of the Australian economy in the world economic environment of 2001 and 2002 to date has been outstanding. All this occurred at a time when we were implementing the greatest tax change in Australia's history. For most of 2001 the Labor Party was claiming that Australia would go into a recession as a consequence of the GST.

Perhaps they thought that due to the world economy's downturn they could score political points by blaming a downturn here in Australia on tax reform. The downturn never happened, but the Labor Party continued to campaign against tax reform.

This government had the courage to persist and to take the difficult decisions needed to address the tax reform that the country needs. We are continuing with reform. We know that business, industry and their advisers have a great deal to cope with all of the changes. I suppose that is what happens when you have such a long period—the period of the previous Labor government, when no changes were made—when the government was simply too timid to take the necessary hard decisions. We appreciate the challenges faced in coming to terms with new tax law, and the full public consultation process we have developed and illustrated in respect of consolidations is a good example of our response to this. This government will continue working to create a modern, competitive and fair tax system in keeping with the modern, intelligent nation that we have become. I commend the bill to the House.

Mr HUNT (Flinders) (12.07 p.m.)—I am pleased to rise and speak on the new **New Business Tax System (Consolidation and Other Measures) Bill (No. 1) 2002**, because it is designed to encourage a business climate conducive to investment. Investment creates jobs, and jobs are critical in helping to provide the capacity for individuals to take care of their own lives and in helping to provide that satisfaction which comes from people being able to work and be in control of their own affairs. I am also pleased to support this bill because it is about the government's commitment to business simplification through tax simplification. It is the continuation of a process which has gone on for some years now. In particular, it builds on the work of the May consolidation act and the June consolidation bill, which have passed through or are passing through this House respectively. Thirdly, I am pleased to speak in support of this bill because it contains provisions which address revenue risks that have been foreshadowed by the government.

Looking at these questions in the context of small business needs within my own electorate of Flinders, there are over 6,000 incorporated organisations within the electorate of Flinders, many of them existing within holding company arrangements and within consolidated groups. Such companies as the Koowee Village Bakery, Gendore in Tooradin, Baker Boys in Rosebud, Hastford in Hastings and the Big Flower Farm in Phillip Island all create jobs and all require a simplified tax environment. This is exactly a means to achieving that increasingly simplified tax environment. In creating jobs, they have a profound impact on the society, quality of life and general level of happiness for people within our area.

In addressing the new business tax system bill, I want to proceed in three stages: first, I wish to outline briefly the current environment which necessitates the changes; secondly, I want to discuss the purpose of the legislation as a solution to the existing challenges; and thirdly, I want to outline the effect of the legislation. In looking at the current situation, it is critical to note that there are challenges for consolidated groups which unnecessarily restrict their formation and their financial life. In particular, where consolidated groups seek to join with each other, there are barriers which act as a disincentive to free investment. The current situation means that there is limited relief from income tax on revenue gains realised on a share exchange, and shareholders are unable to defer a revenue loss realised on a share exchange between members of a consolidated group. Similarly, on the disposal of assets for taxation effects, currently income tax consequences on disposal of an asset by a wholly owned subsidiary attract unintended effects. The group which acquires an entity is given no regard, even where the asset was acquired before the subsidiary came to be wholly owned by the group.

There are a number of other areas where there are challenges, such as the inclusion of the purchase price where a new entity is created, the transfer of tax history between entities, the splitting of income between entities and the splitting of capital expenditure between entities. All of these are part of a general problem which acts as a disincentive to investment, because one part of a holding group which is genuinely part of a legitimate structure is treated separately and the benefits do not accrue to the whole. So there are barriers to investment and there are challenges in terms of the ease and simplicity with which actions can go ahead.

What is the purpose of this legislation? This bill is one of a series of bills being enacted progressively to effect significant changes in the taxation of consolidated groups. The key elements were introduced in the May consolidation act and the June consolidation bill. The purpose of the legislation is to allow wholly owned entity groups to choose to consolidate under a fairer and more flexible regime. How does it do that? It does that through 10 stages. First, it treats joining consolidated groups as a single entity for income tax purposes, by applying cost setting rules where one consolidated group joins another consolidated group. Second, it modifies membership rules to protect the existence of a consolidated group when another head company replaces an existing head company. Third, it makes specific modifications to the consolidation rules that take into account the special characteristics of a multiple-entry consolidated group. Fourth, it amends the part-year rule to address amounts that are brought to account of a consolidated group over a period. Fifth, it deals with the problem of capital gains tax rollover relief for assets being transferred between members of the same wholly owned company group. Sixth, it ensures that the thin capitalisation rule continues to operate as intended for a consolidated group. Seventh, it ensures that the aim to encourage companies to invest in research and development is not hindered due to a company being part of a consolidated group. Eighth, it rectifies technical deficiencies in the consolidation loss rules. Ninth, it phases out the existing group rules for foreign tax credits and other rules concerned with the use of foreign tax credits. Tenth, it amends the current law so as to implement the new simplified imputation system.

There are four key effects which flow from this. First, it apportions income and deductions between a head company and a subsidiary member. Second, the result will be to modify the general cost-setting rules so as to change the environment for investment. Third, it prevents the double taxation of gains and duplication of losses, and fourth, it will allow for assets to be transferred between members of a group, without requiring cost base adjustments to address value shifting. In its essence, this bill helps create an investment climate for businesses not just within Flinders but within Australia more broadly, so as to allow investment, which in turn creates jobs, which in turn have a profound effect on the capacity of individuals to carry out their lives.

It is worth reflecting on the place of investment within the overall process of economic growth. Ultimately, there are three key elements to economic growth—and there have been, historically, over the last 40 years. They are population growth, which has provided approximately 1.8 per cent of the growth every year within Australia; participation, which has been flat when you account for the fact that, whilst there has been an increasing number of people participating, the average hours worked have decreased; and productivity, which has provided the bulk of average growth over the past 40 years. These rules assist with investment, which assists with productivity, which assists with the growth in jobs. Above all else, that has an impact on families' lives and on the capacity of individuals to control their own lives. Very simply, I am delighted to support this bill because of the effects it has for ordinary Australians and the capacity it establishes for the creation of new jobs.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.15 p.m.)—in reply—In summing up the debate on the *New Business Tax System (Consolidation and Other Measures) Bill (No. 1) 2002* and the *New Business Tax System (Franking Deficit Tax) Amendment Bill 2002*, I point out that I listened very carefully to the contributions made by the honourable members for Fraser, Farrer and Flinders. The bright and spirited contribution by the member for Flinders in a debate on what many people would say is not exactly a riveting aspect of tax law was refreshing and most impressive. There is no doubt that his constituents find him a very effective local representative.

Mr Neville interjecting—

Mr SLIPPER—Indeed, as the member for Hinkler favourably comments with respect to the honourable member for Flinders. Since the measures contained in these bills represent the ongoing implementation of important tax reform initiatives, I trust that the bills will receive the support of the Main Committee. I am particularly pleased that all members have supported this very important measure. I would like to respond to some of the comments made in the debate, in particular by the member for Fraser and to sum up the matters contained in the legislation. The member for Fraser said that he agreed with the direction contained in the legislation and supported it. He referred to it being sent off to a Senate committee. We welcome the opposition's support for these measures and also its support for a timely review by a Senate committee. Business is clearly anxiously awaiting passage of this legislation, in order to provide them with the necessary certainty to undertake transactions subject to the new regime from the date of operation, 1 July. While the member for Fraser says that the opposition wants to follow due process and wants to scrutinise the legislation—that is part of the opposition's job—it is important that this legislation be passed as expeditiously as possible.

The member for Fraser referred to what he considered to be the complexity and size of the legislation. He claimed that the balance was not being struck correctly and that there was too much complexity. The fact is that the transition from the current rules for taxation of wholly owned groups to consolidation is complex. Most people recognise that this is a very important change. The transition from the current rules of taxation for wholly owned groups, in which individual entities within the groups are recognised for tax purposes, to the consolidation regime wherein a group of entities is treated as a single entity does require rules, and results in compliance costs for taxpayers. However, these are mainly transitional. Compliance costs need to be considered against the considerable compliance and administrative savings once consolidated groups are formed.

Consolidation is a very important tax reform for Australian corporate groups. It will assist in simplification of business structures, reduce ongoing compliance and administration costs, improve business efficiency and strengthen the integrity of the tax system by preventing inappropriate outcomes being generated through intragroup dealings. The complexity of the consolidation regime arises from the complexity of the existing tax system, changes to the platform on which consolidation was proposed, changes resulting from equity and other considerations and changes to ensure that consolidation does not provide unintended tax benefits. The member for Flinders indicated in his speech that this legislation will in effect boost the economy and create jobs.

The member for Fraser also queried why consolidation is not revenue neutral. There is a cost to revenue associated with introducing consolidation but this cost is, as I have pointed out, mainly transitional and reflects the fact that consolidation will allow company groups to access some losses that are currently trapped in individual group members. This cost is

mainly transitional. Compliance costs need to be considered against the compliance and administrative savings once consolidated groups have formed.

The member for Fraser also claimed that this legislation is before us nearly four months after the start-up date of 1 July. The legislation contained in the first two tranches enabled domestic groups to decide whether to consolidate. That legislation was introduced before 1 July 2002. Legislation in this bill builds on the existing framework to provide further details applying to groups headed by non-resident entities, and these are a relatively smaller number of taxpayers. The bill also contains some technical and consequential amendments and these amendments have arisen from consultation and are consistent with the policy framework introduced in the first two bills.

The member for Fraser also queried why there is to be another consolidation bill. I think that he probably understands that, but this bill and the earlier two tranches do contain the majority of the consolidation rules, and while these measures cater for most taxpayers there is a small group of taxpayers that need specific issues addressed—for example, life insurance companies. Rules for these taxpayers will be in the next bill. An initiative of this magnitude is likely to require finetuning over the course of the next 12 months as the government responds to ongoing consultation with the business community. I think that most people accept that, when you do have real and major reform, it is necessary to make sure that it is operating as intended. The member for Fraser also referred to the consolidation measure and the role of the Board of Taxation. The Board of Taxation was in fact involved in the development of the consolidation measure through the consolidation steering committee of the Australian Taxation Office.

The member for Farrer, in a particularly thought provoking contribution, referred to the very good education process around consolidation and the good codesign process ensuring that business understands and can deal with the measures. The government clearly welcomes the comments made by the member for Flinders in relation to the fact that the measure has been developed in a manner inclusive of business concerns and the consultation process has been widely praised by the business and professional community. I also welcome the endorsement of the ATO education process by the member for Farrer, particularly her constituents' positive experience of the ATO consolidation roadshow. Her comments are proof that the education process is vital to ensure that businesses are ready to engage with the new consolidation regime and that the education process is working well and tailored not just to the big end of town but also to small and medium businesses. The member for Flinders referred to his commitment to business simplification through taxation simplification, and I want to thank the member for Flinders for his particular comment in this area.

The bills introduce, as the debate has indicated, the third tranche of consolidation legislation and provides further amendments to the simplified imputation system. Both measures commence from 1 July this year. Extensive consultation has occurred on all measures, as you would expect in relation to law changes of this nature, and they do enjoy widespread support in the community. I hope that is something that the Senate legislation committee takes into account. The consolidation regime will introduce major integrity advantages over the existing system of taxing corporate groups, while at the same time enhancing business efficiency by streamlining intragroup transactions without tax costs and reducing ongoing compliance costs for Australian business.

The government has adopted a staged implementation of these measures to ensure that consultation with business could occur on each tranche, while ensuring that the elements required to effect a decision to enter a consolidation regime were prioritised. With the passage of these

bills, taxpayers will be in a position to understand the dynamics of the regime in relation to the formation of consolidation groups and the acquisition of new subsidiaries. Key consolidation measures contained in the **New Business Tax System (Consolidation and Other Measures) Bill (No. 1) 2002** which are critical for companies planning to consolidate include the interaction of reforms with international tax, research and development concession and foreign tax credit provisions.

The bill builds on and modifies aspects of the core consolidation principles included in earlier tranches of consolidation legislation to ensure that they operate correctly in relation to trusts, recognise the special structure of foreign owned company groups and operate where an existing consolidated group joins another consolidated group or where more than one entity joins an existing consolidated group. The measures also modify the general rules to enhance the integrity of the earlier measures by preventing unintended windfall gains arising on entry to consolidation, as announced by the government in July 2002. The bill also effects the removal of existing grouping rules from the current tax law in recognition of the fact that intra-group transactions will not be recognised within a consolidated group and the current grouping rules are to be withdrawn for non-consolidated groups from 1 July 2003.

The simplified imputation amendments will generally apply to dividends paid on or after 1 July 2002 and will facilitate entry to the new system for early and late balancing companies. The amendments also facilitate more flexibility in franking dividends by publicly listed companies as a result of extending the exclusion from the benchmark rule in certain cases. This has been a good debate and I commend both of these bills to the House.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

NEW BUSINESS TAX SYSTEM (FRANKING DEFICIT TAX) AMENDMENT BILL 2002

Second Reading

Debate resumed from 26 September, on motion by **Mr Slipper**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

INDONESIA: TERRORIST ATTACKS

Debate resumed from 15 October, on motion by **Mr Abbott**:

That the House take note of the following paper:

That this House:

- (1) expresses its outrage and condemnation at the barbaric terrorist bombings which took place in Bali on 12 October 2002;
- (2) extends its deepest and heartfelt sympathy to the families and loved ones of those Australians killed, missing or injured in this brutal and despicable attack;
- (3) offers its condolences to the families and friends of the Indonesians and citizens of other countries who have been killed or injured;
- (4) condemns those who employ terror and indiscriminate violence against innocent people;

- (5) commits the Australian government to work with the Indonesian government and others to bring those who are guilty of this horrendous crime, and all those who harbour and support them, to justice; and
- (6) reaffirms Australia's commitment to continue the war against terrorism in our region and in the rest of the world.

Ms GILLARD (Lalor) (12.27 p.m.)—I rise today to express my profound sorrow about the terrorist attack in Bali and to express my sincere sympathies to the families of all of those who have lost loved ones and to those who are still waiting for news. No doubt they are hoping for the best but fearing the worst.

I have been contacted by Mr David Stewart of my electorate. His son, Anthony Stewart, 29 years of age, is still missing. He is a member of the Kingsley football team. He was last seen on the dance floor of the Sari nightclub. Obviously Mr David Stewart and his wife, Marilyn, have been devastated by anxiety as they have waited for news. Mr David Stewart is actually travelling to Bali today to look for his son. His trip is being paid for by his employer, in a wonderful act of generosity. Mr Stewart is in contact with consular officials and they will meet him on his arrival in Bali. My heart goes out to David and Marilyn. I note that this family has already suffered a great deal, having lost Anthony's twin brother four years ago in a car accident. Our thoughts are with you in this very terrible time of suffering.

I feel touched by this tragedy in a number of ways, as I am sure all Australians are. I feel especially touched because I returned from Bali on Friday morning having taken a short holiday there with my sister, my nephew and a friend of my nephew's. When I became aware on Sunday of the dimensions of this tragedy I could clearly imagine how my family would have felt if our holiday had been timed slightly differently. I could clearly imagine the distress my parents would have felt as they desperately tried to find out whether their only two children, my sister and I, and their only grandson, were safe. Imagining their distress as they would have tried to phone the mobile and, if that had not worked, looked to other ways to find out information, I suppose I feel I have a small window on the suffering of Mr Stewart and the many Australians who are in a comparable position.

Having so recently returned from Bali, I can visualise the Kuta area. I can visualise Australian holiday-makers. I can still feel the slightly warm, humid air. I know many Australians have travelled to Bali and would be in a similar position. It is that familiarity with the scene of this tragedy, as well as the dimensions of the tragedy itself, that make it so real to all of us. Of course it is not just Australians who have suffered: Balinese have been killed and injured, as have nationals of other countries. I fear that the suffering of the Balinese people will not end there. Those who have visited Bali know that the Balinese people are friendly and peaceful people. Their Hindu offerings are everywhere as you walk around the streets. Their belief in karma tends to lead to an attitude of doing good to others. They seem wonderfully fond of children and are likely to make a fuss in restaurants and in the streets of the children of tourists. Their livelihood depends on tourism and, even with extensive tourism, making a reasonable living has for many in Bali been a challenge.

During my recent holiday I stayed in Ubud. Whilst there, my sister and I were taken for a walk through rice fields and the associated countryside by a Balinese guide. He also showed us his village and his family home. He explained to us that he left his village at the age of 14 to live and work at the hotel at which we were staying. In exchange for the hotel owner paying his school fees, he worked in the hotel as a 14-year-old houseboy. Some 16 years later, he is still there. He talked to us about his concern that there had been some reports of date-rape drugs being used in Kuta bars and nightclubs, and said that he was worried that such reports

could reduce Bali's attractiveness as a tourist destination and that Bali could not afford any such loss in trade. How much more worried must he and the millions of Balinese whose livelihoods depend on tourism be now? He also talked to us about the nature of the medical system in Bali. He talked of how Balinese must pay for medical assistance and how very expensive it is for them. He said the birth of his first child had cost two million rupiah—a huge amount of money from his perspective. We know that many Balinese have been left with injuries which will require ongoing treatment and that many will suffer additionally because of the cost of such treatment.

Whilst Australia suffers as a result of this tragedy, I believe it is important that we strive to understand the situation of and maintain compassion for others who have suffered. In the light of that, can I use this opportunity to publicly state that the opposition believes that the government should take a compassionate approach to dealing with the Woomera detainee who has a wife who was injured by the blast. I am not aware of all the details of this man's refugee claim. However, I would ask that the government take a compassionate and sympathetic view to meet his needs to comfort his wife at this time. I understand from a media report in today's papers that the government appear to be taking a sympathetic view, and I welcome that.

Our thoughts now are with all who grieve or who are racked with worry about their loved ones. Over the coming days the details of what has happened will become clearer and Australia will start to bury its dead. As we mourn, our thoughts will turn to ensuring that those who caused this crime against humanity are brought to justice. No stone should be left unturned in this pursuit of justice. As Australians pursue the culprits, it is vital that our anger—our righteous anger—at this appalling act is directed at the right targets. I note that in the editorial of yesterday's *Herald Sun* the following statement was made:

Also badly wrong are Australians who criticise Canberra for its determination to stop the flow of boat people.

The illegals set out from Indonesia and are often without papers. How easy it would be for fanatics to smuggle one of their own among the self-styled refugees.

I view this to be an irresponsible statement at this time. I support, and the whole opposition supports, vigorous security testing of any person who arrives in Australia unauthorised, whether that be by boat or plane. No-one who constitutes a security risk should be released into the Australian community. Our approach to this should be guided by the national interest and an abundance of caution. We should take no risks.

While taking no risks and vigorously security testing all unauthorised arrivals, it is incumbent upon us to be honest about the outcomes and the magnitude of any threat. We know from evidence to this parliament from the Director-General of ASIO that, of the 5,986 unauthorised arrivals in the last three years, not one was found by ASIO to be a direct or indirect security threat. Consequently, there is absolutely no evidence to support an assertion that unauthorised boat arrivals have been used by terrorists as a method of entering Australia. I say once again: vigorous security testing must continue. We should never let our guard down. We should take no risks. We should be honest and clear about the outcomes of that security testing. I believe the *Herald Sun* editorial of yesterday was not sufficiently honest and not sufficiently clear. In pursuit of our righteous anger about this appalling incident in Bali, we must make sure that our efforts, our anger and our pursuit of justice is directed at the right targets and we must allow no distractions. Once again, I believe yesterday's editorial constituted such a distraction.

Let me conclude by reiterating that this is a time of enormous sadness. I know that my thoughts and the thoughts of every member of this House—and, I suspect, of every Austra-

lian—are with those who grieve or those who wait for news of loved ones who are still unaccounted for in Bali. Most particularly at this time, my thoughts are with Mr David Stewart of my electorate as he travels to Bali today and searches for his son.

Mr KING (Wentworth) (12.37 p.m.)—It is with heavy heart and hesitant voice that I support the motion before the House, because that which occurred on 12 October 2002 will be remembered by all Australians as the day when more innocent young Australians died than in any other peacetime event, when the innocence of Bali was shattered and when the confidence of Australians in the security of their region in peacetime was savagely shaken.

The blast occurred on a Saturday evening, at a time when the bars in Bali, filled with young Australians and others, were most crowded. These people were enjoying a hard-earned break. Several had been playing sport that day, and some of them were from my electorate. The blast not only destroyed people and property and injured many others but also was of particular savagery. It left a hole in the ground which was some two metres deep. A thousand metres away from where the blast occurred, high up on a building, were found pieces of the car which contained one of the bombs. There were two bombs, not one. The first was used to attract the attention of those inside and to tempt them outside. Then the second bomb—a heavy explosive equivalent to three 44-gallon drums of explosives—blasted the whole street and killed the greatest number of people possible. It was the work of expert, insidious people. It was cowardly, heinous, the work of deranged minds and clearly the work of fanatics. And it was done to maximise the number of deaths.

The blast also destroyed Bali as the place of innocence—what I would call almost the seventh state of Australia. Australians are now fleeing Bali, yet it has been a traditional destination for us. Kuta itself has been known as the ‘Bondi of Asia’, a place where we had a playground reminiscent of the best places in Australia, a place where freedom and innocence was enjoyed and a place which I have enjoyed with my wife and family on more than one occasion.

The blast also savagely damaged Indonesia itself: not just people and property but also that country’s reputation and standing, the relationships it has with other countries and its economy. The member for Fadden has drawn my attention to the fact that, on a Singapore Airlines flight the following day, the jumbo contained one female passenger for the whole flight—and that passenger was a journalist. Therefore, Indonesia itself must face severe questioning and determine what it will do in the light of the tragedy.

It has, in terms of the human loss, seriously affected my own electorate. In Bali at the time there were at least two football teams, one of which has been hideously affected. The Coogee Dolphins rugby league side, which is based just outside my electorate, has many members who live in my electorate. It has suffered five deaths and another member is missing. And there are five people from my electorate already confirmed dead. That team has been a fantastic contributor to our community and to Australia. Every year it raises \$10,000 for the Prince of Wales Hospital fundraising efforts. It is very sad that people like that who have been wonderful contributors to the Australian community should be cut down in this way by terrorists.

The Woollahra Colleagues team had some 15 players there as well. They had been playing in the Bali rugby 10’s competition that day against many friends from other parts of Australia and Asia. They were only minutes away from the Sari Club at the time the events happened. Normally, they would have been there at that time but they had had a game that afternoon and stayed on a little longer before going on to the club. They were so affected by what happened that they refused to talk to the press out of respect for all their friends who were cut down.

They have contributed marvellously in Bali itself; they contributed blood, they gave up their places on aeroplanes back to Australia and they kept in touch with their officials in Australia who have informed me of events as they have happened.

I want to place on record the sincere and heartfelt thoughts of the whole community of Wentworth for those who have lost life, for those who have been injured, and for the families, relatives and friends who have been affected by this terrible event. I have spoken to the club officials involved. I have offered assistance on behalf of the Commonwealth and of my office in Wentworth and, of course, I will attend the funerals of those who have died, wherever possible.

The eastern suburbs of Sydney have suffered a terrible tragedy. Sporting officials and others have been most concerned about all of the events of that time. Can a worse event be imagined than where those who contribute through sport have gone, at the end of a long season, to holiday in Bali and have found terrorism attacking the very heart of what they were doing? Indeed, terrorism attacks the heart and soul of our society and almost invades our being. What could be more part of the fabric of who we are and what we are in Australia—what could be more typical of our young Australians and their way of life and all of the values that they support—than the end-of-season traditional sporting tour? Along with the holiday-makers and families whose lives have been lost, these sportsmen went away to kick up their heels and find that they have come away with this terrible loss. It could not be worse. Not only have teams from my electorate been affected but also at least two other deaths of individuals—tourists and others—from my electorate have been reported.

But the losses that have occurred affect not only people in my electorate; the whole Australian community has suffered a terrible human loss. We already know that 21 people have been officially confirmed dead, but police reports indicate that up to 150 may have died in this terrible tragedy. Many more have been injured. The families of those who have suffered have also been injured through shock and related events.

I want to commend the government, and the Prime Minister in particular, on the way in which this issue has been handled and the expeditious manner in which the defence forces, the medical authorities and others have brought their assistance to this event as it has unfolded in Bali. I want to commend the Prime Minister for his cool and calm response, along with that of the foreign minister and others in the government, to this tragedy. But Indonesia too has suffered, as I have indicated. The loss already has been confirmed of some 14 Indonesians dead, over 200 injured and many others missing. But it is not only the loss of people such as Marde, the doorman at the Sari Club, or of the club and its facilities and the neighbouring club itself; it is also the loss to the tourist trade, the loss to the economy in Indonesia and the damage to its relationships with other countries, especially with its neighbour Australia, which we in this country have worked so hard to build up over the years.

When we look at what was behind these particular acts, it can only be said that this has been the work of terrorists. It is said that C4, or Semtex, has been found on the site. That is an explosive that has been linked to al-Qaeda bombs exploded elsewhere, including that which was pitted against the USS *Cole*. It is also, I regret to say, an explosive that is used by the armed forces of Indonesia. But it is important to say that whoever did this must be condemned as terrorists, because can it be said that the fanatics who carried out this work were anything other than people who wished to inflict the greatest damage not only on those who were in the club and on Bali, but also on Indonesia itself?

Terror is a strategic weapon and it has strategic goals. It also has this one great advantage for those who exercise its evil trade: you do not need an army to achieve your objectives;

against a modern free society you have an easy target. That has been found elsewhere around the world, not just as we have observed in Bali, to our great cost and to the cost of the Indonesians, but also in the Middle East and other parts of the world. This brand of terrorism is the ultimate expression of rejection. For these people, life is meaningless for any form of so-called enemy within or without.

The only way to confront it is to deal with the foundation—the ideologies, the political thought and the infrastructure. However, the first step is to destroy the operational capacity. Future steps will require more political means and other resources to tackle the real cause of this international terrorism, which is despotism, and the faulty beliefs of those who practise it. In the circumstances, I strongly support this resolution. I support the words of the Prime Minister and the initiatives that have been taken to date. I warmly commend the resolution to the House.

Mr DANBY (Melbourne Ports) (12.48 p.m.)—I rise to support this motion. Like all members of this House, I believe that words can hardly express the grief that we feel for the Australian victims—it now looks like there are more than 100 Australians who may have died—of this Bali bombing. It is a deed that has no justification. In my electorate, we have the Alfred Hospital with its burns unit. There are six patients—five Victorians and one Canadian—who are in a serious condition. The Alfred is doing everything it can with the greater workload. The Alfred staff are great, working longer hours, extra shifts have been put on and the hospital has received a huge degree of support from the general public—people calling in to offer assistance to families of the injured, schools offering to hold fundraisers et cetera. Jodi Cearn, pictured in the *Herald Sun* today, is one of those who are hospitalised in the Alfred. I particularly want to mention two of my constituents, Greg Elliott from St Kilda and Ric Elliott, also of St Kilda, who is in the Darwin hospital. We wish them a quick recovery on behalf of all of the people of Australia but particularly the people in my electorate who know them.

Parliamentarians owe the Australian people our judgment in these matters—to think about these things seriously, to understand them. We owe it to the victims to try and give them an analysis and a framework for what we ought to do. The opposition, like the government, believes that Australia needs to take measured but remorseless, steadfast action to bring the perpetrators to account. This action against the terrorists should not simply be a bringing of them to justice but also an attempt to prevent events like these happening again. As the member for Lalor said, we do not need to link Bali to boat people who came here under other circumstances or allegations. There is no evidence at all, as she insisted, that they were involved in terrorism. Similarly, we do not need silly polls such as the one on Sky News this morning about undertaking strategic air strikes against Indonesia. Shame on the person who is responsible for that, and for exacerbating our relations with Indonesia. The Indonesian people and the Indonesian government have expressed their deep concern at and opposition to what happened in Bali. In good grace we should accept that those are their sentiments.

There is some speculation in the Murdoch tabloids today that the person behind this incident was Mohamed Kalifa, Osama bin Laden's brother-in-law and the South-East Asian operations director of al-Qaeda. More likely—and I think this is most people's judgment—this event was orchestrated by Jemaah Islamiah. This is a group that is not, thankfully, active in Australia and has no record of activities in Australia, although I note that Abu Bakar Bashir was interviewed in a Sydney Islamist publication *Nida'ul Islam* in 1998. Analysis that Jemaah Islamiah was behind this event has already been expressed by the government and the opposition. I particularly commend to all Australians and members of this House a paper written

by the International Crisis Group, headed by Gareth Evans, on al-Qaeda's South-East Asian links. The paper is particularly timely and was written before the events in Bali.

The *Christian Science Monitor*, which has been extremely perceptive about this issue over the last months, has identified three people who have been involved in bomb making and in incidents throughout South-East Asia, particularly in Indonesia. Two of these men are now in custody: Agus Dwikarna, an Indonesian businessman convicted of explosive charges in the Philippines this summer, and a Kuwaiti, Omar al-Faruq, who is probably well known throughout Australia as the person who did the interview about activities in this part of the world. I will come back to him in a minute. The third and most crucial person, who was highlighted on *Lateline* last night, is a 37-year-old Indonesian, Riduan Isamuddin, alias Nurjaman, better known as Hambali, a veteran of the war in Afghanistan who is the operations head of Jemaah Islamiah.

There are two other people linked to Abu Bakar Bashir who also have ties to al-Qaeda. One is Fathur Rohman al-Ghozi, who was involved in bombing attacks in Manila in 2000 and planned to attack American facilities in Singapore. He is part of a group called the Ngruki network, identified in the International Crisis Group's splendid paper. It is very important to understand the Ngruki network. The Pondok Ngruki, like a lot of the places that spawned the Taliban regime and al-Qaeda on the borders of Pakistan, is a religious boarding school. It preaches a form of Islamism—and I use that word very advisedly; it is not an Islamic school. Discussing the dangerous activities of alumni of this madrassa is no criticism of the Islamic religion. No person who seriously evaluates these events, particularly in South-East Asia and Indonesia, would in any way be critical of Islam. In fact, the tens of millions of moderate Islamic people in Indonesia are the major bulwark against these extremists. But these types of madrassas are of concern to people who followed events in Afghanistan. They spawned a sort of Islamist 'Lord of the Flies', with all the subsequent dreadful events during the Taliban rule of Afghanistan. This central Java madrassa, Pondok Ngruki, obviously concerned the International Crisis Group when they were forecasting what might happen in South-East Asia and in Indonesia. Perhaps the threat they predicted might be spawned by the Ngruki circle has come to pass in this part of the world. I emphasise that the International Crisis Group's paper on al-Qaeda and its local satellite in South-East Asia was printed months before these events.

Thankfully we have had a sympathetic reaction from the Indonesian government to the foul murder of our citizens. This reaction includes the visit of Megawati, the President of Indonesia, to Bali to express her condolences; the condolences she expressed to the Australian Prime Minister; and the statement of the Indonesian Defence Minister Sutarto that there are terrorist groups operating in Indonesia now. Even Indonesian opposition figure Amien Rais seems to understand the necessity for Indonesia to pass measured, intelligent terrorist legislation—like the legislation we recently passed in Australia—in Indonesia. Such laws need to be passed in Jakarta so that they can handle terrorism within the rule of law, now that Indonesia is a democracy. Unfortunately, the Indonesian Vice-President, Hamzah Haz, has not expressed any sympathy for those who are the victims of the explosion. I hope he will consider doing that at some time soon. Australians and Americans did not appreciate his saying after the September 11 attacks in New York and Washington that the attacks would 'cleanse the United States of its sins'. I hope that the overwhelming sentiment we have seen expressed to the Australian ambassador in the streets by the people, by the responsible Indonesian ministers and opposition leaders will be the prevailing reaction in Indonesia. That so far seems to be the case.

There are many genuine people who wonder about the causes of such terrible events and claim that there are root causes that are specific to any one event. I saw that Senator Brown

got himself in some trouble with the public by saying that it was Australia's policy on Iraq that led to these people doing these dreadful things in Bali. Nothing justifies what happened in Bali. There can be no reason to kill innocent Australians: young people from rugby and other football teams from all over this country who were up there to celebrate victories in reserve grade matches and grand finals. Nothing justifies killing innocent Australians. We have seen a variety of claims by various terrorist leaders that there are various causes of their misdeeds. Osama bin Laden threatened that Australia would be a target for what it did in East Timor. I can tell Mr bin Laden or any of his associates that no-one in Australia regrets what we did in East Timor; intervention had non-partisan support here. Australia will not bend its policy to the wishes of terrorist groups or their exaggerated threats and rhetoric.

I conclude by suggesting that the bombing in Bali, maybe related to al-Qaeda, and the incidents over the last few weeks are very disturbing. We have had the blowing up of the French supertanker, the attacks in the Philippines and the sinister murder of American teachers in Indonesian Papua. They may be related to these events in Bali. We need to have the attitude to this new anti-Australian terrorism that Mikhail Gorbachev described as perestroika: new thinking about these kinds of groups and individuals who perpetrate terrorism. They are terrorists, not militants. We need to understand that Islamist terrorists are arraigned against us, against Australia, because of the kind of tolerant, democratic society that we are. People on all sides of politics need to understand that we need to be strong, steadfast but measured and intelligent in our response to these terrorist attacks. We need to act in a way that shows terrorists who hate and envy the very way we live that we are committed to the defence of free and tolerant societies like Australia. We will not take a step back.

Mr LLOYD (Robertson) (12.59 p.m.)—I rise in this place today with a heavy heart, full of sorrow and compassion for the families whose lives have been torn apart by this barbaric and cowardly terrorist attack in Bali. October 12, 2002 will forever be a sadly defining moment in our history. Some commentators have stated that this day will be Australia's 9/11. In many ways I believe they may be correct, because this tragedy has touched the lives of all Australians. Almost every Australian has been to Bali or knows someone who has been to Bali. Many of our sons and daughters have for years made Bali a regular holiday destination, and Bali has always been held as a special place in the hearts and minds of so many Australians. Personally, members of our own social club—Club Ski, as we call it—recently returned from Bali. I was not part of that trip but I very easily could have been. Two of our friends also returned only last week from Bali. Almost every Australian you talk to has some friend or someone they know that was either there at the time or has recently been to Bali.

The greatest tragedy of this barbaric, disgraceful act is that it has claimed so many of Australia's finest: our young, energetic, enthusiastic, optimistic people who had so much to live for and so much to offer Australia and the rest of the world—people like the McKeon family from Kincumber in my electorate. The *Central Coast Herald* reports that Mr Ross McKeon, 46, is in a stable condition, with burns covering much of his lower body, having been sent home on the second plane out of Bali following Saturday night's bombing in Kuta. The youngest daughter, Kristy, 12, was expected home late last night, suffering trauma. She was there, of course. More tragically, the wife and mother, Lynette, and the daughter Marissa, 14, are still both missing and unaccounted for. The McKeons are only one of the many Australian families that have been shattered by this terrible, horrific act.

In the *Sydney Morning Herald* today, Wednesday, 16 October, there is also a report on the group of people that the McKeons were with. As many Australians do, they went with a group to Bali. I will read part of the report from the *Sydney Morning Herald*:

Moments before, teenagers Ashley Airlie, Kristy Webster, Kristy and Marissa McKeon, Candace Buchan and Chloe Byron had been dancing and giggling, enjoying the Kuta Beach nightlife under the nurturing eye of their parents.

... ..

Gayle Airlie, Lyn McKeon, Cathy Seelin, Robyn Webster, Geraldine Buchan and Kathy Salvatori took them out dancing.

None of them came home. Also missing are Chloe Byron, 15, and Marissa McKeon, 14.

The tragedy in Bali strikes at the very heart and soul of our Australian community. On behalf of all the residents of the Robertson electorate and, indeed, all Australians, I offer my deepest condolences to those who have suffered and are suffering from this shocking tragedy. Those subhuman creatures—for they are not humans—who place no value on human life, who planned and carried out this most heinous of crimes against our society and others, must be hunted down and brought to justice. No-one can rest until they are.

This Sunday is a national day of mourning, as I am sure all members and all Australians know. I will be going to church, and I know that all Australians in their own way will be with the people who are suffering—with the parents who do not know where their children are, with people who do not know where their wives and mothers are. In the seven years that I have been here, I have not witnessed such emotion as I have seen in the House over the past two days. I have spoken to many members who have been in this place much longer than I, and this tragedy has affected all members of parliament—as it has all Australians—as nothing has before. As I said earlier, our sympathies go out. I know that the government, the opposition and all members of parliament will work together to ensure that everything that can be done will be done for these people and that, hopefully, the people who planned and carried out this crime will be brought to justice.

Ms KING (Ballarat) (1.04 p.m.)—I rise this afternoon to add my voice to those of the members of this parliament in condemning the attack in Bali on Saturday. The fact that this happened in a place that we do not associate with terrorism, a place where Australians have gone for generations to holiday or to celebrate the end of the football season—young people just having fun—seems somehow to make this attack even more obscene. Words can never be enough in circumstances such as this. Our language often fails us. There are not enough words in our language to describe the shock, the anger and the grief, but they are all that we have.

A banner being held at a prayer session near the bombsite read: ‘The heart of Bali is broken.’ I think that, as the growing magnitude of this callous act dawned on us all on Monday, all our hearts felt broken. But as we hear the simple stories of kindness, of the care with which the survivors of this blast have looked after each other and of how they have stood by their friends who have died and tried to give them and their families some dignity, we know that, while our hearts have broken, there is a strength in our spirit that can never be broken. I would like to add my heartfelt condolences to the families of those injured and of those who have died, and to those who have members of their family still missing. None of us can imagine how you are feeling, but we stand by you in your grief, ready to help in whatever way we can.

Every member of this House has been affected in some way. Many of us have people in our electorates who have died, who are injured or who are awaiting news. There are thousands of stories. They have all affected us. But it is the people from our own electorates who have driven this home to every member of this House. We feel personally responsible for the safety of the members of our electorates, and this is a personal affront to the safety of the people of our electorates—people like David Ure, from Ballarat, and his girlfriend, who were in the

nightclub on the evening of the attack. We were all grateful to hear his voice on the John Laws program on Monday and to hear that he was coming home. Then there are people like the McIntoshes, also from Ballarat, who cancelled plans to go to the nightclub that night and decided to have a quiet night at home instead.

I want to encourage all those people who were in Bali at the time to take great care of themselves and to make sure that they seek out appropriate medical and counselling services. It will take a great deal of time for the survivors of the Bali attack to fully recover from the event. It is likely that many never will. Equally, our nation is likely not to fully recover. Not since the Second World War have we had such a loss of civilian lives overseas. People of 22 other nations have had citizens killed or injured in this attack. Now is the time to reach out to those who have been injured or have died and to bring them home.

In addition to grieving for those lost in this barbaric and senseless act, we must do all we can to find those who perpetrated this crime. Australia must look to the security of our people in our region and do what is best in the national interest of our citizens, to protect and defend them and to ensure that this does not ever happen again. To do that, we must have a regional response. There is limited value in Australia making efforts to improve our domestic security if terrorists are operating with impunity on our doorstep. I join with the Leader of the Opposition in his call for a regional summit on terrorism at the earliest possible opportunity.

Under this government, Australia has disengaged from its nearest neighbours. The government has attempted to distance our nation from our geographic place in the world. I think this has been to our cost. If we are to fight terrorism in our region, we must do it in partnership with Indonesia, Malaysia, Singapore, Thailand and our other neighbours. Australians need to know and understand the politics of our region and to seriously tackle the challenges in our part of the world.

This event is also a serious test for the Indonesian government. We are all aware of the significant difficulties faced by Megawati Sukarnoputri as she attempts to balance the many complex factions within her government and community. We know that there is a significant chance that her leadership will be severely tested in the coming months. It is vital that we in Australia do all we can to help Indonesia gather the evidence and build a strong case against those who planned and carried out these murders.

There are already talks of al-Qaeda links to the local Jemaah Islamiah group, and Australia has moved to have the UN list them as a terrorist organisation. We must work with Indonesia to determine whether this is true and whether this group is responsible. To act prematurely without that evidence will cause significant instability in Indonesia. But act we must—in a timely, assured and measured fashion. We owe it to each one of the victims of these attacks and their families to find the perpetrators and ensure that they are made responsible for their actions.

In calling for the perpetrators of these murders to be brought to justice we are asking Indonesia to defend its own national interests. This is as much an attack on Indonesia and its people as it is an attack on Australia's national interests. We cannot forget that this atrocity was perpetrated on Indonesian soil. Potentially, it was an attack directly aimed at the destabilisation of the Indonesian government. The government of Indonesia must stand up after this attack and say, 'No more! We will not be a target for terrorists, we will not harbour terrorists and we will do everything in our power to ensure that those who are responsible for this cowardly attack face justice.' The main tool of terrorism is fear. Their tool is going after innocent civilians when we least expect it, in locations where we least expect it. The Bali attack was an attack on our democracy. It was a cowardly attack and I join with every member of this House

in condemning those who have sought to threaten us in this region and take away from people of all religions the right to enjoy a secure and safe environment.

Mrs GASH (Gilmore) (1.11 p.m.)—I rise to support the motion put by the Prime Minister. How does one express their most inner anger, their hurt, their sorrow and their inability to make it easier for those parents, brothers and sisters who have lost their loved ones in what can only be described as the cruelest form of murder. On 12 October 2002, in our electorate of Gilmore there were many families who were personally touched by the tragedy and many more who were in disbelief at the realisation that terrorism has arrived on our own doorstep.

As I sit in parliament and hear the many stories coming from the electorate and elsewhere in Australia I think it has to be a dream—it cannot be true. But the cold, hard reality is that it is true. It is true that many Australians died and many more are still missing. It is true that some of the people went out one night to experience the dream of holidays by the sea and in doing so left all their personal belongings and ID behind in the hotel. It is true that now, burnt beyond belief, it is hard, almost impossible, to identify them. It is true that in a country not as advanced as most Western countries this is causing extra grief to families who must wait for the authorities to release names and identities. It is true that we have had to send refrigeration units to Bali to bring back our dead. And, yes, it is also true that many of those who were not injured are volunteering to assist in what for them must also be traumatic. But then is that not what Australians do best—look after our mates?

Bali is a place that people once connected with the good times that Australians relish and enjoy. Now, forever, it will be associated with the barbarism of a terrorist attack. Whilst the September 11 attack last year affected many people, to others it was still something that largely happened to someone else on the other side of the globe. We could certainly identify with how shocking and horrific it was; but the attack in Bali is something completely personal. It is an attack on our doorstep targeting, deliberately and brutally, a large group of defenceless victims, predominantly European and Australian.

However you look at it you cannot escape the pointed significance of the target. It is the work of jackals—predators who prey on the weak and defenceless at a time when they least expect it. Regardless of who the perpetrators turn out to be—and that is not for me to decide—generically they are organised mass murderers running their own agenda without any regard to humankind. They are a faceless enemy, acting with the fervour of zealots who are prepared to do anything to achieve their own ends.

Watching the news bulletins, as so many other Australians have done, I ask myself why. What do they hope to gain out of such an act? It has certainly created fear—fear that is real and palpable. If anything it should steel our resolve to meet this threat head on and attack it conclusively while we still can. We cannot, nor should we, have to live with such a threat over our heads. We cannot allow terrorists to develop their skills to a level of sophistication where the implications are more destruction with less capacity to respond.

I am reminded of the catchphrase of our RSL: ‘the price of freedom is eternal vigilance’. How true. Whilst in our own lives we continue to promote peace, these old diggers know that the enemy can take on many forms and we should be prepared. Terrorists are the enemy. We are engaged in a war on terrorism whether we like it or not. We have been drawn into it surreptitiously by the mere fact of who we are. There is no choice and anybody who suggests that we could have somehow remained insulated against this has no appreciation of the realities of our global community. The war is not one being fought by professional soldiers capable of defending themselves. The brunt is being borne by innocent, defenceless civilians whose only crime was to gather together in a public place to enjoy a holiday that many

worked and saved for for years. Now we must accept the fact that it is becoming increasingly possible for terrorists to deliver a similar, if not larger, event on Australian soil. Incredible as it seems, it happened in Bali.

If an unsophisticated, home-grown extremist has the capability of destroying so many people as in the Oklahoma City bombing, for instance, what sort of damage can a committed expert do? I saw the footage of Craig Salvatori and his two daughters. His wife, the children's mother, was killed in the blast. What a waste. As a mother, like many mothers, I can immediately identify with it. Watching him, it seemed to me that the realisation was only just dawning on him. He seemed stunned and uncomprehending of the enormity of his personal loss. The two young girls were clinging to their father. I wonder whether the impact had begun to sink in. But sink in it will. There was vision of men weeping in shock at what they had seen—a scene that was extremely upsetting and will be imprinted on my mind for a long time to come. With so many dead and injured there are many other similar stories, like those from my electorate. We, along with the families, are all in shock. The parents from two of our families have got on a plane to Bali to try to locate their children, no longer able to wait after misleading calls saying, yes, they were okay but now they are missing. That is the difficulty with being in a country where communication is not as simple as we would expect it to be. Soon there will be anger, questions and the demand that the perpetrators be punished. That is a perfectly understandable human response and well warranted. If we were placed in a similar position, that is a reaction we too would experience.

Now, against all of our beliefs and upbringing, we need to accept the reality of terrorism and we need to deal with it. We can no longer be making apologies for mass murderers, giving energy to their foul regimes through our own inaction. We should not forget the response of Australian authorities to this tragedy and all those people, be they officials or just mums and dads, relatives or those on holidays, who have helped in the aftermath. They have been working in difficult circumstances and they are doing a magnificent job. The victims, their friends and relatives also need support and we should be doing everything we can to contain the emotional injury that will come. They have come through a warlike experience and are feeling the same emotions as combatants. We owe it to ourselves to make sure that this does not happen here. But, in doing so, we need to accept that we will require some soul-searching and perhaps a hardening of attitudes. This may not be something that will sit easily with some, but it has to be confronted. This Sunday has been declared a national day of mourning. A number of church services will be held in my electorate. As a member of the Australian government, there will be many decisions to make. I ask myself continually: has this really happened; did it really take place? Yes, it did; yes, it is true. To the Dunn and Lewis families of Ulladulla, our thoughts and prayers are with you.

Ms PLIBERSEK (Sydney) (1.19 p.m.)—Most Australians at some point in their lives have lost someone they love. This loss is always sad even when we know that a parent or older friend has had a long and full life. We are sad because we will miss them. Such loss is sad but not tragic. Tragedy has also struck many of us. Indeed we still have generations of people who lost fathers, brothers, sons and husbands in war. These young men, cut down in the most vigorous years, with so much potential and so much to look forward to, left generations of mourners behind them. The loss of young life is tragic.

How much more tragic are the events that we are seeking to understand in Bali? Families of the young people who died in Bali—and they have been mostly young people, from what we can tell at the moment—will struggle forever not just with the inevitable feelings of sadness, loss and anger but also with the disbelief that comes with the senselessness of the way

their loved ones died. These people had not put themselves in harm's way. They were not on a battlefield. They were doing what millions of young people around the world do every Saturday night: they were enjoying each other's company and some relaxation. We can understand accidents and we can understand illness, but violence is much harder to come to terms with. The questions are inevitable. What could make someone want to take another human life—the life of a human they have never met, a person who was as good or as flawed as any other person? It is impossible for most people to understand what could make someone take a single life. How much harder, then, is it for us to understand this type of mass murder?

We have plenty of experts and academics explaining to us who the culprits might be, what their political motives are, what the defence and foreign affairs implications are, the logistics of identifying people and transporting the dead and wounded—all of these things have been covered in detail almost nonstop since news of the bombings first came to Australia. This overload of information is typical of a nation in shock embarking on a collective grieving process. We are filling up every minute with words and work because it is easier than sitting still and being quiet and feeling the pain of those around us. We are, as a nation, like the person who hears of the death of a loved one and immediately busies themselves in planning the funeral or cleaning the house or notifying family members, because it is easier to work than to feel.

What we have not talked about, because we do not have the words to, is the horror behind the bombings. What makes people want to kill like this? How can we, as a community of nations, not only arrest and jail forever the perpetrators of this crime but also learn to live together with mutual respect, building a world where peace and tolerance, not violence and zealotry, are the standards? I have no power to explain to the families of the dead, the wounded and the missing why their loved ones have been the targets of such destructive power. No words I have can lessen the pain or lessen the burden of waiting. Sometimes, when confronted by tragedy, we feel so powerless to help or to offer comfort that we turn away from our friends in their hour of need. It is our own inability to help which makes us keep our distance.

But I say to those who witnessed this cataclysm and survived: I understand that this horror will be with you always, that a sadness undeserved has come to you which will never leave. I offer my support not just for today but for the length of your days. To the families of those who have lost loved ones I say: I share your pain, and I am willing to share your burden. If, as a nation, we could parcel out your pain, each taking a piece and leaving you only what is bearable, we would do it—but we cannot. You each have your own journey of grieving and all we can do is try to smooth your way.

To those who are waiting to hear the fate of family and friends who are still missing: I can imagine you sitting with friends and family at kitchen tables around the country. Perhaps one family member is on the phone, trying to get information, struggling with overseas telephone connections or waiting in a queue for an update from foreign affairs. I can imagine you waiting. Please try to imagine us there with you. The whole nation waits, as you do, to find out the fate of those missing Australians. We cannot ease your suffering—we are powerless to change history—and all we can do is sit quietly with you and wait. Hopefully, we will be able to share your elation as you discover your loved one is alive. If not, we will mourn their death with you.

I have a message for our neighbours in Indonesia also. We know that most Indonesians share our despair and are horrified by what has happened in Bali. We know that this is the work of a handful of extremists who do not represent Indonesia and do not represent Islam.

We are saddened by the deaths of many Indonesians in this attack. We thank Balinese locals for the work of their emergency services personnel and volunteers. We hope that the perpetrators of this terrible crime are brought to justice swiftly. My heart goes out to those who have been touched by this tragedy around the world, and I am grateful for the messages of support we have had from our friends overseas.

I am always proud to be Australian, and this terrible tragedy has, as such events often do, shown us what is best about our nation. We have all read the stories of selfless sacrifice: of mates returning to a raging inferno to search for mates, of strangers offering comfort in the last hours of life and of volunteers working around the clock in Balinese hospitals helping victims of all nationalities. Of course I am proud of this behaviour, but I am also proud of the way, as a nation, we have not rushed to blame our Balinese friends or all Indonesians or all Muslims. We have a right to be angry and, after this disbelief, after this grief, that anger will surely come, but let us be sure that that anger hits its mark and does not compound this tragedy by claiming innocent victims of its own. I hope that as a gesture of goodwill and solidarity we offer our medical facilities to seriously ill Balinese whose injuries are beyond the capabilities of local medical centres and hospitals. Let us fly them to Australia if it is the best way to treat them. Let us assert, in the face of terrorism, that we believe in common humanity.

Sitting suspended from 1.26 p.m. to 4.00 p.m.

Mrs DRAPER (Makin) (4.00 p.m.)—I rise to support the motion moved by our Prime Minister on Monday, 14 October, which was supported by the Leader of the Opposition. It is difficult for all of us to express the sorrow, the frustration and the anger that we feel following the events that took place in Bali on 12 October 2002. Those of us who were not there can only imagine the horror, but for the survivors it will be a recurring nightmare for the rest of their lives. For the families, friends and colleagues of those killed, 12 October will forever be a day of sorrow and pain. Tragically, this will be the case for the Golotta family of Tea Tree Gully in my electorate of Makin. John and Tracey Golotta were on a two-week holiday in Bali with their son Michael, his girlfriend Jasmine and their 19-year-old daughter Angela. According to reports in the *Adelaide Advertiser*, on the evening of October 12 the family were enjoying themselves at the popular Sari Club. Apparently Angela decided to stay on with her friends when the other members of her family returned to their hotel. Tragically, it was the last time that they would see her alive. On hearing the explosions, Mr Golotta and his son Michael rushed to the scene and witnessed a horror they will never forget, but they were unable to find Angela. Over the next two days, they searched the hospital wards, hoping for a miracle, but it was not to be. The Golottas found their daughter among the dead at Sanglah hospital and were only able to identify her by the jewellery and the clothing she was wearing. As their local federal member, I have written to John, Tracey and Michael Golotta to express on behalf of our community my deepest sympathy. But words cannot satisfactorily explain the pain we all feel at the loss of such a bright and beautiful young woman.

Equally we cannot understand the twists of fate. A little over a week ago, the Sturt Football Club were celebrating their first South Australian National Football League premiership since 1976. Many of the players and officials travelled to Bali to enjoy a well-earned holiday and to celebrate the club's success. On October 12, their joy and happiness turned to terror and grief as 22-year-old Josh Deegan, a player in Sturt's reserve side, was confirmed dead and club trainer and former player Bob Marshall is still unaccounted for. Among these tragic tales are also the acts of heroism, which have yet to be fully recognised but which will become more apparent in the days and weeks ahead. In true Australian fashion, so many of our compatriots who were near the tragedy thought not of their own safety but of how they could help those

trapped and injured in the burning wreckage. It would be true to say that the Australians who volunteered to help in the rescue effort and afterwards in the Balinese hospitals have saved lives. I commend Tony Martin of Mountain Creek in Queensland who, in a letter printed in the *Australian* today, suggested that the most fitting memorial to those who have suffered would be to build an Australian-standard teaching hospital in Denpasar. Given the lack of facilities and expertise in the area currently, I believe Mr Martin's suggestion makes a good deal of sense and would be supported by many Australians.

In his address to parliament, the Prime Minister correctly described the Bali bombings as an act of 'barbaric, brutal mass murder without justification'. No religion can or should justify this atrocity. No god would sanctify it and no philosophy worthy of a civilised humanity would condone it. If the terrorists hope to demoralise us and weaken our resolve to end their tyranny, they are much mistaken. The Australian government will work with the Indonesian authorities and with other nations, including our friends in the United States and the United Kingdom, to bring the murderers to justice. Our commitment to the war against terrorism is, in the words of our Prime Minister, 'uncompromising and unconditional'. We will work with our allies to seek out terrorist organisations in our region and around the world. Our efforts cannot have any limits if we are to succeed, and we will succeed. In our grief at the loss of so many fine Australians, we should not forget those from other nations who were also victims on 12 October. Our cousins across the Tasman suffered great loss, as did the Indonesian people. The long-term effect on the Balinese economy will also be to the detriment of their local people. Already a poor nation, Indonesia cannot afford such a blow.

The Indonesian authorities have said they will now crack down on terrorism within their country. This is good news, although it must be said that the United States and others, including Australia, have expressed concerns about Indonesia's lack of endeavour on this front. For the sake of those Indonesians who were killed on 12 October as well as those from other nations, Indonesia's actions must now match its rhetoric. Terrorism will thrive where there is a lack of resolve to fight it. The citizens of many nations died when the twin towers were destroyed on 11 September 2001, and innocents of multiple faiths and nationalities were among the dead on 12 October 2002.

The commitment of Australia to the struggle against terrorism is equally matched by its commitment to helping the victims of terrorists. Within hours of the tragedy in Bali, the Australian government and its agencies had moved swiftly to provide much needed medical supplies and assistance in the Balinese hospitals and had begun the process of evacuating those Australians who were severely injured. The Department of Foreign Affairs and Trade established a helpline for families and friends seeking information about their loved ones. Officers of the state and federal police and ASIO are on the ground in Indonesia, working with their Indonesian colleagues to track down those responsible for the crime. Foreign Minister Downer and Justice Minister Ellison have flown to Bali and then on to Jakarta for top-level meetings with the Indonesian government. All that can be done is being done.

The Prime Minister's motion conveys the message that all Australians want conveyed—sympathy to the grieving families, hope that the injured will recover and a resolve to put an end to those who caused such terrible suffering. We must all remember, as do those who have fought in previous wars to defend this country, that the price of liberty is eternal vigilance. But, as we all know, the defence and price of our freedom have many different aspects. As a former member of the Australian Defence Force who served as a nurse in the Women's Royal Australian Navy, I do not resile from the work yet to be done to seek out the terrorists wherever they may be both in our region and around the world, and, with our allies, to bring them

to justice. Finally, I welcome the Prime Minister's declaration that this Sunday is to be a national day of mourning. I know that all Australians will take this opportunity to mourn those who died, pray for those who are injured and reflect on how this terrible tragedy has changed our nation forever.

Mr ALBANESE (Grayndler) (4.08 p.m.)—It brings none of us pleasure to contribute to this debate on the motion before the House. We will all remember for the rest of our lives the events of 12 October. We will all remember that horrific terrorist act against innocent civilians, and particularly the fact that it was targeted at young people who have—and, unfortunately in some cases, who had—the rest of their fulfilling lives to look forward to. I feel a great sense of loss and sympathy for the families of those involved. I lost my mother in May this year. She was a 65-year-old woman, and I am far from over my personal grief. I cannot imagine losing my son. I cannot imagine losing someone who has the rest of their life to look forward to.

Unfortunately, this tragedy has very much hit my local community. The death toll of people from the electorate of Grayndler is already in double figures. Today, I spoke to one family member in Marrickville who, just 15 minutes earlier, had it confirmed that the body of their sister-in-law had been identified in Bali. This afternoon I learnt that the Dulwich-Newtown Basketball Club, some of the members of which were on a trip in Bali, has three confirmed dead and three missing. These were young boys—they were not even young men; they were young boys really—from Dulwich High and Casimir college in Marrickville. The extent of the grieving, as well as the lack of understanding of how anyone could perpetrate such murder, is very much rippling through my local community as people engage in their everyday activities. One person I rang this morning—just one of the people I have spoken to—was involved, as I am, with the South Sydney Football Club. We knew each other, but I did not know that at the time I phoned. I have just been trying to contact families to offer my assistance through my contact with the federal government and agencies.

I acknowledge that the one positive thing that has come out of this week—that is, in question time yesterday and again today—is that people have put party politics aside to try and look after the communities which we seek to represent. The events of 12 October put some of the more petty issues which divide us into appropriate perspective, and I think both the Prime Minister and the Leader of the Opposition gave outstanding contributions in the parliament on this issue on Monday.

We need to remind ourselves why people commit an act such as this, an act which we find so extraordinarily incomprehensible that it is difficult to find appropriate words to describe it. It comes from extremism, fundamentalism and intolerance, and we need to remind ourselves at this time as well that the response requires that we put ourselves above extremism, fundamentalism and intolerance. We need to remind ourselves, for example, that members of the community, regardless of their religious backgrounds, are horrified. The Islamic members of my community are just as horrified as the Christian members and the Jewish members, and we need to make sure that innocent people do not suffer from misplaced anger. We must remember the victims of this tragedy and honour them. We must ensure that justice is done and that the killers are found, tried and punished. But amidst this we must not forget that misdirected vengeance will not bring the dead back to life. It will only create more grieving families and more sadness, and there has been far too much of that already. This is a time for the community to come together as a nation.

I pay tribute to the many people, beyond those who have already had publicity in the papers, who carried out acts of heroism. There is no doubt of the Australian character of

mateship and of giving people a hand. We have already heard stories about people giving up seats on planes—even though they were injured themselves—to people who were more in need. These are indeed heroic acts. Many of the people concerned will never be recognised publicly, but we should pay tribute to them. They did not do it for public recognition; they did it because of their humanity and because of who they are. I greatly admire them.

I used to find it quite difficult as the shadow minister for ageing and seniors, my former portfolio, to go into nursing homes and to see the work that doctors and nurses do as part of their everyday activities. The work that has been carried out in Bali and also in Australia over the past few days by doctors, nurses and emergency staff working for 48 hours without a break is quite remarkable. It makes our jobs as politicians seem pretty damn easy, frankly—and we complain about some of the time constraints that we have! The sort of pressure on people who go into those professions out of their commitment to and their love for their fellow human beings is something we should remind ourselves of. It is something positive to help us come through this.

Sunday has been declared a national day of mourning for the victims of the Bali bombing. On that day the hearts of all Australians will go out to the families concerned, particularly those touched directly by this enormous human tragedy. I believe that we need to mourn collectively, as a nation, and to go through a grieving process. We need also to make sure that we respond to this tragedy appropriately: by all means target those responsible, but remember that to cause innocent people to suffer is an inappropriate response to a tragedy such as this.

I also think it is important to acknowledge that it is not just Australians who have been affected by this tragedy; people from throughout the world who were there at that nightclub have been affected. I, like many Australians in their younger days, have been to Bali. I have been to Bali twice, and I have been to the Sari Club. Bali is a place where you go to forget about day-to-day activities. There is something about a holiday in a tropical climate: even if you have been away for only two days, you get off the plane at home feeling like you have been away for two weeks. That is what attracts people to Bali, and that is what somehow makes it worse. It makes it worse that the innocent people who were there were fulfilling their desire for a better life and that they were cut down in such a tragic way.

We must also remember the Balinese themselves: a peaceful, heart-warming people who have reached out to generations of Australians as friends and neighbours. The Australian government must do what it can for them as well. I know there is a call for Balinese who were injured in that tragedy and who need medical assistance to be brought to Australia so that we can assist those people as well. I commend this motion to the House.

Mr HUNT (Flinders) (4.19 p.m.)—Mr Deputy Speaker, we are not as we were. Families are broken, friendships are shattered, lovers are parted. October 12 will always be a day of profound national sadness. The bombing in Bali has saddened all of us. Young lives have been lost. People who travelled abroad in friendship, who were building bridges and who were living the very essence of life are no longer with us. I give my sincere condolences to all of the families. There are 180 dead, 30 Australians have already been identified as having been killed and sadly that number is likely to rise significantly. There are numerous people missing and over 100 injured from Australia alone. Each of these people has their own story; they are a parent, a brother, a sister, a child or a friend in their own right, and they all have parents or brothers or sisters or children or friends of their own. There was a headline this morning that read, 'Time to bring them home'. That strikes at the very notion that they are ours and they must come home. But they will not come home as they left. Our loss has also been replicated by that of others, particularly the Balinese. They lost their own, and sadly I

feel they may have lost much of their heritage. There will be hard times ahead. At this stage, 24 countries in all have people either dead or missing, so it is a loss for many.

Australians are looking for a symbol. They are seeking to share their collective pain by making a collective gesture. Can I gently suggest a wattle tribute—the wearing of a sprig of wattle, or even a yellow ribbon to symbolise the wattle, over the heart. Communities, families and individuals could plant wattle trees as a sign of renewal and as a symbol of Australia. This expression of compassion and generosity, which we see in so many Australians, extends throughout the country. We have seen terrible sadness in Bali. In this case, Australians and others have shown their extraordinary generosity in lending their aid to those who are suffering. Immediately after the tragedy in Bali, Somers resident Tamara McKiernan spent 20 hours taking care of the injured in one of Bali's hospitals. She first brought bandages and disinfectant from local pharmacies to ensure that the hospital had as many emergency supplies as possible before tending to and translating for many of the most desperately injured. Tamara was one of so many Australians, Balinese and others who showed great generosity, and her spirit is a fine example of what we can be in times of tragedy. We will always face difficult challenges, but Tamara McKiernan reminds us of both how lucky we are to live in such a stable and caring community and, sadly, how we can never take these blessings for granted. That very compassion brings us to the essence of Australia. This has been a country built on hope and aspiration, on a bright and sunny spirit. We must grieve as we share the collective pain. The individuals closest will always bear the personal loss. But we must also remember that the murderers sought two things: they sought to create fear and they sought to create hatred. They seek to do this both at home in Indonesia and abroad.

Roosevelt said, 'The only thing we have to fear is fear itself.' So we must be vigilant but we cannot allow ourselves to be afraid in our own homes and to let the murderers take the victory they wish for. Kipling said, 'Being hated, don't give way to hating.' The murderers were engaged in a vain attempt to stop the future, a future about a diverse world—for that is the only viable way that we can live together. Anything else will give way to walls of hate and mistrust. And if we retreat we close ourselves off from the world. So while we cannot give way to fear and hatred we must also be resolved: we must address those who carried out this act of pure hatred. The threat which manifested itself in the bombing in Bali is a threat against all people: Muslims, Christians and Hindus in Indonesia; Muslims, Christians and others in the West; Muslims, Christians and others in Australia. So you cannot purchase immunity through insignificance. Whether we engage or withdraw, the threat will still be there—to us and to others.

This action was not caused or carried out by any Australian. It is part of an ongoing campaign that has ripped at the heart of Indonesia and has also caught France, Germany, New Zealand, Portugal, Sweden, Britain, Ecuador, Hungary and many other countries by taking their nationals and residents from them. So the violence is indiscriminate, and it is founded on an oppressive vision. Our response must recognise the reality that, before this, there were 30 bombings in the last year alone in Indonesia. The bombing in Bali was part of a continuing process. It was the first time, though, that it had reached out so clearly and tragically and ripped at Australia. We must be resolute against such indiscriminate hatred, but not by force alone. The solution lies in Indonesia, so we must work with them. We have to make this extremist philosophy unsustainable. We cannot accept violence as a legitimate political expression. We know that education and openness break the shackles of control which are based on ignorance and domination, so there is much to be done there.

We are not as we were. Too many beautiful young lives have been lost and too many families' hearts have been broken. We must grieve for all, and for each of them. And we must be unrelenting in our search for their killers. But let us not hand the murderers the victory they want by darkening the essence of our Australian soul. Ultimately, let us honour our young by living with their hope, their generosity and their belief in the future.

Mr KATTER (Kennedy) (4.28 p.m.)—In speaking on the motion on the terrorist attacks in Bali, I will make a number of historical allusions. In the centre of Charters Towers there is a beautiful band rotunda in a once beautiful park—it has been virtually destroyed by the state government's attitude towards flying foxes, so we have lost our beautiful park. It was a Boer War memorial and, as such, there are the names there of 30 or 40 Charters Towers citizens who died in the Boer War. I suppose it is to our shame that we were associated with a war in which 28,000 women and children perished in concentration camps. There is no precedent for what happened in Germany, except for the treatment of the wives and children of the Boer farmers who were in those concentration camps. Nearly 30,000 of them died, and you can get some idea of how horrific it was when you consider that the Americans lost 54,000, killed in the war against Japan. We are here today to mark the deaths of maybe 100 or 200 Australians, but we participated in a war in which 28,000 totally innocent civilians died in concentration camps. And you say, 'What the hell were we doing in that war?' We were in that war because we were scared—we were a little tiny outpost of Anglos in a great big sea of people who were very different to us and we felt we had to stay close to England or our situation would not be a happy one. On the same basis, we went into the First World War and had much higher casualties per head of population than any other country in that war. Our casualties were quite horrific and were a significant proportion of our entire population. Again, you say, 'What were we doing in that war? What, really, did it have to do with us?' Again, we had to stay close to England because we were scared, because we were a little tiny outpost in a sea of people who were different to us.

Today I broke ranks with my Independent colleagues in the House of Representatives because they felt that we should not go into Iraq except under a United Nations sanction. Mr Acting Deputy Speaker Lindsay, we admire your courage and independence of thought in taking the stand that you did. But I did not see it that way. Quite frankly, I felt that we really do have to stay close to the United States. This country will be in the gravest peril unless it does stay close to the United States. You have to ask yourself: are our interests best served in staying close to the United States? Internal politics dictate that the United States operates very aggressively in the Middle East. The internal politics, trade considerations and interests of this country do not at all dictate that we should be involved in the Middle East. But if we are not, and if we start showing distance between ourselves and the United States, and we get into trouble and have to holler for a marshal, I do not know where that marshal is going to come from.

I never criticised this government for going into East Timor. But every single piece of knowledge that I have accumulated from the thousands of history books that I have read in my life—probably about two or three a week—indicates to me that you do not pick a fight with a country that has the fourth or fifth biggest standing army on Earth when, at the same time, you have one operational submarine, no radar and, I do not hesitate to say, 50,000 silly little plastic rifles that the SAS quite rightly refuse to take. As an ex weapons instructor in the army and a person who shot—I will do some skiting—in the Earl Roberts shoot for the British Commonwealth, I would like to think I know a little bit about firearms. Even then, there are only 50,000 of those rifles.

Honourable member interjecting—

Mr KATTER—I am copping an interjection here. What we are talking about is the tragedy that occurred in Bali. I am sorry that you do not understand—and I would have thought it was fairly obvious to most people on the planet—that the tragedy occurred in Bali because of our very close association with the United States. If you would like to present some other reason I would most certainly be keen to hear it, and I am sure that everyone else here today would be keen to hear it. I will help you out if you are having difficulties.

We are talking about going in and having a fight when this country is undefended. As a North Queenslander yourself, Mr Acting Deputy Speaker Lindsay, you and I are both well aware of the fact that the entire north Australian coastline—from Cairns through Bamaga to the Gulf of Carpentaria, over to Gove and Darwin and down to Port Hedland and Karratha—is about 6,000 kilometres. Only 100 kilometres of that shows any signs of human habitation. You have to understand that, if we want to live in South-East Asia, we must know and understand our neighbours and we must become great friends with our neighbours. Any person that has a fight with the person next door is very foolish. You have to get along with those people. But you have to see it from their point of view. They have 250 million people crammed onto six tiny little islands. The way they see it is that we went in and took half of one of those islands from them. That is the way that they see it. There is great rage and anger we are dealing with and confronting here.

I think every Australian who loves his country does not want us to continue in a situation of rage and anger with our nearest neighbours. But to get out from under the United States' coat-tails we must become a country in our own right, and we are far too small, at 20 million people, to even remotely consider doing that. I am pleased to see here the member who represents the vast landmass of the Northern Territory. In the last war our interests were subjugated to those of Great Britain. When 110,000 Japanese troops were massing on the Malaysian border, not a single military person in the world hesitated for one moment in wondering exactly what they were doing. They were massing there for an attack upon Singapore, and everybody knew that. Even though this was occurring and even though the Prime Minister of Australia, Mr Curtin, was well aware of the fact, where were our troops—where was the Australian Army? Our interests were so subjugated to those of Great Britain that the Australian Army was defending the Libyan desert. Three of our five divisions were defending the Libyan desert. We are told that there is no threat from our northern neighbours. That is what they said in the Second World War: 'The Japanese have got no way of coming down the peninsula. They haven't got any armoured personnel carriers, they haven't got any lorries—they have no means of getting down there.' They walked and they commandeered bicycles. It was very surprising. We are being told the same load of rubbish now that we were told then. Our interests were so subjugated that, with the enemy knocking on the door and bombing Darwin, our troops were defending the Libyan desert.

This country has got to grow up. It has to mature and become a country in its own right. We are Australians. We are not descended from the British or descended from whoever; we are Australians. We are a different thing completely and we must acknowledge that fact. To do that, we have to develop northern Australia. Frankly, there is no doubt in my mind that in another conflict they will draw a line, probably from Karratha to Cairns, and say, 'You can have all of the stuff north of that.' That is not an unreasonable proposition. Do you think that a mother in Sydney would believe her son should be taken from her and shot fighting in a war for country that this country has never been interested in? There is no development there, there are no people there—there is nothing there. I pay great tribute to pioneers in places like

Darwin and little Karumba in my own electorate, where my own family originally come from, and all of those areas. I pay great tribute to them. But I was at a conference recently where they said: 'They keep talking about northern development—they're never going to develop it. It's been 150 years and there's still nobody there.' It is a valid argument. Is this country really interested in occupying its landmass? You would have to say no, it is not.

People say to us: 'We can't have a population of 50 million. Mr Carr said you can't possibly have a population of 50 million. This country can't support a population of 20 million.' The Murray-Darling Basin at this very moment supports a population of 20 million and it has supported a bigger and bigger population every single year of its existence. Maybe it has reached a hiatus now—I do not know—but it supports a population of 20 million people. Everybody knows that. There is six times more water in the rivers of the Gulf Country, the area that I represent, than there is in the Murray-Darling Basin. We have twice as much arable blacksoil land as the Murray-Darling has, stretching north for 1,200 or 1,300 kilometres all the way from Blackall to the Gulf of Carpentaria. This area can be developed.

If we grow up and are able to stand on our own two feet, we will not be dragged into situations such as the terrible events that occurred in Bali where our own citizens are killed. That sort of hatred is being turned upon us because of things that the United States are doing—and I am not saying that they are wrong—in the Middle East. We are paying the penalty for that. It is a surrogate punishment, and it is a surrogate punishment that will continue and will get worse. I want to put on record here today that what you saw in Bali is only the tip of the iceberg—that is only a start. This nation must grow up. It must move to that population. It must occupy its continental landmass. Otherwise it will provide a magnet to every other country on earth that is overpopulated. Our nearest neighbour has 100 million people going to bed hungry every night. If you return to those figures I gave you, you will see that the Gulf Country by itself can support a population of 100 million people. Do you think it is fair to ask an American mother to sacrifice her son in fighting for land that this country was never interested enough to occupy, except for a hundred thousand or a couple of hundred thousand hardy little souls who live in the area north of the line from Cairns to Karratha?

Today I plead with the government of Australia. We need to become a country in our own right. We need to have our own ability to defend ourselves. This is not a huge expense, strangely enough. We could have a hundred patrol boats equipped with guided missiles, 10 or 20 submarines instead of six submarines and an adequate radar system. But most of all, if we have a coastline of 6,000 kilometres that shows human occupation for only 100 kilometres, what right do we have to hold on to that in a world where a third of the population goes to bed hungry at night?

People ask whether it will help the Philippines or Indonesia if we develop and produce food in these areas. Yes, it will. In fact, the biggest agricultural commodity this country produces is beef. One in seven beasts we produce in this country goes to those countries by way of the live cattle trade. We send out a very cheap product; we send a \$400 steer up there. They put a lot of time and effort into making that steer a really big bullock, and then they process him out because they have very cheap wage rates up there. They are able to secure from us enormously cheap, high-quality protein, which is of enormous value to countries such as those. There is a great future in the trade arrangements between us and these countries.

There is a great saying that good fences produce good neighbours. A good fence is defence capability. There are basic elements. I could talk about a lot of automatic rifles in this country. I could talk about following the Switzerland model or following the Israel model. They are little countries surrounded by big giants. I could talk about the enormous success of the Israeli

war machine. There are only four million people in that country, but when you take them on you take on an army of three million people. There are very few countries on earth that would like to pick a fight with an army with three million soldiers in it. The situation is similar with Switzerland. I do not think it has been invaded for 600 years, because every single Swiss citizen has an automatic firearm at home. It also has the lowest homicide rate in Europe—arguably in the entire world.

The very essence of this great tragedy, and I want to put this on record here, is that this sort of thing will occur again and again, and it will get worse and worse, until this country grows up and occupies this continental landmass. As long as it does not do that, quite rightly the rest of the world will look at it as a magnet. Professor Richard Blandy, in an excellent landmark article in the *Australian* some years ago, said that the population of Australia in the year 2001—(*Time expired*)

Mr JOHN COBB (Parkes) (4.43 p.m.)—I join with the Prime Minister and, I believe—or I did believe—every member of this House, in extending my absolute sympathy, support and comfort to those people whose families, friends and communities are affected. I thought every single one of us supported them and would continue to support them.

Who would have thought that an area like ours in western New South Wales could be amongst the first in Australia to suffer the direct consequences of these lunatics? One hesitates to call them human beings; they are simply disgusting people without the courage or the nerve to face up to the world and be identified for whatever it is they believe in. They certainly do not believe in religion or in a cause; it is some mad power game where they want to dominate everybody around them. They do not have the guts, the courage or the ingenuity to do it in a way so that the rest of us can recognise them.

I think what makes this seem just so terrible to all of us is the fact that it is our youth and our sporting people, things that Australia absolutely prides itself on, who have been so directly affected by this. I know that we are a very proud people, a very proud young nation, and we have never been involved in anything we did not truly believe in or back as a nation. To have this cowardly thing happen is probably a new experience for this country. We have been involved in stand-up wars where you face the people you are fighting, but I think this sort of thing brings home, right across our country and across every country, that what was the world's problem is now very much our problem.

What do you say to people like the family of Paul Cronin from a little town called Trundle; to the family of Brad Ridley—a very good friend of my daughter—from a town called Burcher; and to the family of Greg Sanderson, who do not really know but who obviously, like the rest of us, fear the worst? They were all part of a football club providing the youth and zest that all of us, old and young, thrive and live on. We really do not know the fate of Gerard Yeo, a boy from Dubbo who came from the Coogee Dolphins football club. Not knowing is pretty terrible for everyone.

What do we say about it? We all feel a very deep anger. I think it is a good anger, because that anger is what is going to sustain us for some time to come. Whether you are family, whether you are from the community or whether you are someone who has to deal with it to make sure it does not happen to us again, you never get used to it. This anger is going to sustain us while we learn to live with it and while, as Australians, we do our level best to deal with it—as does the rest of the world. Make no mistake: the whole world has to deal with it.

What kind of a world is it if we have to continue never knowing who is safe and never knowing where terrorists may hit? The greatest thing about this country is that we are all ab-

olutely determined to continue to be out there in front of everybody. The Prime Minister said quite correctly that there is every chance we may have to deal with this on our home soil, let alone in another country. Let us keep acting in an open and Australian way. For those who are injured, whether they be in Sydney hospitals, from western New South Wales or from any part of Australia that has been so devastated by this, let all of us continue to act as Australians. Let us back those who are going to do their jobs and, without doubt, we will find the people responsible for this.

We have to find the people responsible for this so that the relatives, the friends and the communities—in fact, the whole Australian community—so struck down by this know not only that we can handle this in the future but also that their loss, our loss, is simply a catalyst for making sure that the whole world is better prepared to deal with this in the future. If somebody wants to talk about America being responsible for this or somebody else being responsible for this then they need to get in touch with the real world. The people responsible for this are the nameless, faceless, gutless people who are not about religion and who are not about a cause but who are about having everything their own way. As devastated as we all might be, we have to deal with that. The only way to deal with it is try to root it out. I know that the parliament joins in saying to those so affected by this that it is going to be a long haul. The waiting must be absolutely terrible. We will get there. Those affected have the deepest sympathy of everybody in this place.

Mr SNOWDON (Lingiari) (4.51 p.m.)—I rise to speak in support of the Prime Minister's motion. Sunday's attack in Bali was an attack on innocence. I would like to identify with the remarks of the member for Parkes, especially the latter part where he referred to the gutless nature of those people who perpetrated this act of violence and inhumanity. This was not an attack that any ideology or measure of perceived injustice could ever justify. Innocent Balinese, innocent Australians, innocent people from other countries—young people from all across the globe—are now dead. Innocent families have been shattered. Children have lost their parents; parents have lost their children. This was a callous act of mass murder; a cowardly act; an act of intolerance, malice, discrimination, inhumanity and just plain bastardry. It demands a response. It demands that we find those responsible and make them confront the consequences of their own brutality. We have an obligation on behalf of all those who have suffered and are suffering to bring them to justice. The horror of Sunday morning also demands that we attempt to understand why it happened and how best we can prevent it from happening again. If we do not do so, we will be doing a further injustice to those people who have suffered.

This morning more than 30 Australians have been confirmed dead and 180 remain unaccounted for. It is terrible to contemplate what the human cost may ultimately prove to be. For the most part, as people have said and the media have portrayed, those Australians in the Kuta area were at the time enjoying a typical Australian experience—getting away from the clutter of ordinary life to spend a week or so in one of their country's favourite holiday spots. They were there with their best friends, their mates, their uncles, their aunties, their cousins, their football teams, their families. For some it was their first trip overseas. I took my own children to Bali last year. It is an adventure many young Australians have taken over the past 30 years. Many people in this parliament would have had that experience.

What a tragedy it is that this tradition, one which has brought so much pleasure to people from all over Australia and one which has brought much needed funds to the deserving Balinese population through tourism, may be irretrievably lost. This tradition is not only ours; it is a tradition that belongs to Bali too. Of all the people such a calamity could have befallen, it

grieves me that it is the people of this island who will hurt the most. The Balinese are renowned throughout Asia for their kindness, their generosity, their selflessness and their gentle nature. They have a special place in the hearts of many Australians. We have come to share much with these people in the past. I can only hope that this attack will not stop Australians from sharing their lives with the Balinese in the future.

One tradition that certainly has not been lost is the tradition of mateship in times when we need it most. I just want to say a few words about the extraordinary efforts taken by Territorians to assist the victims over the past four days—in particular, the staff and volunteers at the Royal Darwin Hospital, the police, emergency and defence services and the many other community organisations that offered their help. Royal Darwin is a relatively small hospital, but nonetheless it coped magnificently at extremely short notice to care for the 61 bombing victims who began to be flown in just 24 hours after their ordeal. The staff of the hospital and other services faced enormous pressure. Working double shifts in many cases, their efforts undoubtedly saved the lives of some of the most seriously injured. We owe them our gratitude. They gave comfort to those who were suffering. The Northern Territory government should also be noted for its efforts to coordinate logistics and support services for all those involved. I am proud of the community spirit that has been shown by Territorians and their government. They responded to this tragedy willingly and well beyond the call of their duty. They have our respect and admiration.

News reports today and yesterday have suggested that up to eight men in two vans carried out the attacks, possibly through a remote control device. Traces of the military explosive C4 were found by a multinational team of forensic investigators earlier in the week. Two possible suspects have been questioned by Balinese police, and talks have also begun with up to 10 other potential witnesses. Although it is too early to consider any of these developments a breakthrough, they are all helpful signs of progress. They give us hope that the cause of this painful event will eventually be revealed. Another helpful sign is the cooperative efforts of the Indonesian police, security and other agencies to involve Australia and other countries in their investigations. What is unhelpful is the series of accusations against individuals, organisations and even an entire religion that have surfaced in the past couple of days from sections of the Australian community before any evidence has been accumulated. Whilst the known and identified terrorist organisations clearly have to be brought to book, we need to ensure that we ourselves do not impose injustice on injustice.

Our relationship with Indonesia has suffered over recent years, partly because of the rebirth of the situation in relation to East Timor and partly because of deliberate choice and changing priorities. Last month I travelled to Indonesia with a parliamentary delegation. Part of this visit involved participating in a forum at the Muhammadiyah University in Malang on the island of Java, where we discussed the relationship between politics and Islam in the Indonesian society. It was clear to me from being at this forum that there is no tolerance for extremists in the general population of Indonesia. Today, I received a message of condolence from the master of ceremonies of the forum in Malang, Mr Rinjani Bonavidi. I would like to take this opportunity to read from his letter. He said:

As a person who has received the goodness of the Australian Government as well as her people, I would like to express my deepest sympathy for what has happened in Bali.

For Indonesia, may this incident show the right path for all of us and enlighten the hearts of our leaders to stand for a better nation.

We can all take heart from knowing that this sentiment is felt widely across the peoples of Indonesia.

Mr Deputy Speaker Lindsay, as you would know, because you were a part of the parliamentary delegation, we also met with leaders of the Nahdlatul Ulama, the largest Islamic organisation in the world with over 45 million members, and a representative of the Central Board of the Muhammadiyah, which has over 30 million members. I think you will agree, Mr Deputy Speaker, that we were led to believe from these discussions and from those at the Muhammadiyah University where we participated in a seminar that there is a strength of feeling against extremists by the majority of followers of Islam in Indonesia. We need to be very careful that we do not demonise, as some people would like to do, elements of the Islamic population because of the actions of these extremists, who it is clear to me cannot justify their actions on the basis of religion.

This attack was clearly directed against young westerners, and perhaps directed against young Australians. But we should be left in no doubt that it was also about destabilising the political leadership of Indonesia. It is worth recalling that only recently the Indonesian parliament rejected a proposal to incorporate sharia law into the Indonesian Constitution. This reaffirmed the view of the founding fathers of the Indonesian Constitution in 1945, who then chose not to incorporate sharia law into the Constitution because they believed in a secular state.

It is clear Australia now needs to renew its links with the region and make them stronger. There was a time when Australia was a regional leader; we need to be a leader again. We must dispel the notion that we can act in isolation from the experience of our neighbours. The global war on terrorism, of which we are now more deeply a part than ever, is not a war of Western dominance over Eastern or other ideas. If it is practised in such a manner, it will inevitably fail. The Leader of the Opposition has said that the regional community is looking for leadership, and I believe that is the case. As Paul Kelly said in today's *Australian*:

Bali's October 12 attack links security within Indonesia directly to the security of Australia and Australians. It is an ominous linkage. It has always existed in theory and now it exists in practice.

He went on to say:

Australian needs to renew its multiple links within the region. The problems of crime, drugs and boat-people have been joined by terrorism. There is no option but deeper regional co-operation. Call it Keating's revenge.

Dennis Shanahan made a similarly worded observation in the same paper:

The problems of crime, drugs and boatpeople have now been joined by terrorism. There is no option but deeper regional co-operation.

It is clear that informed commentators are expressing this view, a view which I strongly share and identify with. We may be able to avoid another Bali. We at least have to try. In doing so we are faced with a number of tasks, two of which are to find the perpetrators of this madness and to bring them to justice. But we owe it also to the victims, their families and our future security to be a better neighbour and to look for stronger relationships within our immediate region.

Dr SOUTHCOTT (Boothby) (5.01 p.m.)—I would like firstly to offer my condolences to the families and friends of the victims of the Bali bombing. This is one of our nation's greatest tragedies: the murder of so many innocent young holiday-makers. The grief at these untimely deaths must be immense. We cannot let these crimes go unpunished. Before I came down to make this speech I saw on the AAP wire service that Indonesia has just arrested the alleged maker of the bomb, and there were some preliminary details on the wire service.

In my time as a member we have been challenged by the Port Arthur massacre, the Black Hawk tragedy—I know, Mr Deputy Speaker Lindsay, you were on hand at the time of that tragedy and responded very quickly to that—and the attack on the World Trade Centre on 11 September 2001. They were tragedies that come to mind that were similar to this one. But we should expect that, as great as those tragedies were, this atrocity will scar our nation more. Almost every community in Australia will be affected in some way.

From my home town of Adelaide, the Sturt Football Club—the mighty double-blues—after winning their first premiership since 1976, were celebrating with an end of season trip. One of them, 22-year-old Josh Deegan, a member of the Sturt reserves, has been confirmed dead. Josh went to Highgate Primary the year ahead of my wife's brother, and later to Unley High School in my electorate. In his obituary published in the *Australian* today, Unley High's Deputy Principal, Malcolm Lindquist, described him as a model student:

He was quiet but he was a good scholar, loved his sport, particularly football, and he was part of a group who had remained friends.

Josh had lived or spent some time in my electorate. Sturt Football Club trainer Bob Marshall is still missing. Another Sturt player, their full-forward, Julian Burton, is suffering from severe burns. I offer that as an example of the way these deaths are almost a snapshot of young Australia and how they will affect every community. Tim Hawkins, a law graduate of the University of Tasmania, a bronze medallist in the world under-23 double sculls and the brother of Barcelona gold medallist Stephen Hawkins, was in the vicinity of the Sari Club on Saturday night and is still missing.

Like many Australians, I have visited Bali: once, in 1998, with my wife; and in July last year on a parliamentary delegation. In 1998 my wife and I made one or two trips to Kuta and spent some time in some of the other nightclubs. We were not in the Sari club, but we certainly walked along Jalan Legian, where these terrible murders took place. I feel, as I suppose many hundreds of thousands of Australians do who have visited Bali: there, but for the grace of God, go I. It really does bring home how indiscriminate terrorism can be.

In considering where to go from here, there is no road map to show us the way. Indiscriminate terrorism has rarely touched our nation. We all look to our leaders to provide strength and purpose. We pray for those who have survived and those who are still missing, and we ask why people can be so filled with hate that they will indiscriminately kill innocent people. We also look to ordinary people who, by lending a hand, became heroes: the unnamed Australian men who pulled women from a room at the Sari Club, or Angela Graham of Melbourne, who pulled her friend Sophie Karagiannis from the club; Hanabeth Luke of Byron Bay who helped a tourist escape the club after her boyfriend had been killed, and Busselton policeman Tim Britten, who rescued wounded people from the Sari Club.

A tragedy such as this shows the true character of a nation. We see it in the injured who still helped others to survive, we see it in the outstanding professionalism of our medical, defence and police personnel. What we have seen since Saturday night is the full resources of government being applied to retrieve and tend to the injured, to repatriate those who were killed, to counsel the bereaved and the traumatised, and to use our good offices to encourage Indonesia to do more to find the perpetrators of this massacre. As I said before, tragedies such as this can show our country at its best. I think of Dr Bill Griggs and the Royal Adelaide Hospital trauma service. For as long as I have known him, Bill has been wherever he was needed—on a hospital ship in the Gulf War and saving Mika Hakkinen's life during the Adelaide Grand Prix, as well as attending countless traumas over the years. Fortunately, in the Gulf War, they were prepared, with the mighty American hospital ships, for combined burn and blast injuries.

Sadly in Bali, of course, the medical facilities were nothing like that. I think of the comments of a Western Australian burns surgeon in today's *Australian* who said essentially that in 20 years she had never seen injuries like this—combined full thickness burns with blast injuries, shrapnel and so on. It is the sort of thing you would only see in a military or war situation.

I am also thinking of the professionalism of our government. I think of our defence forces who have helped evacuate those Australians who are injured and who are helping to repatriate the remains of Australians killed in the blast. I think of our mission in Jakarta and our consulate in Bali. Our mission in Jakarta is one of our largest missions, and it has representatives from virtually every Commonwealth department. Due to the importance of our relationship with Indonesia, as you would be aware, we have many of our top people there. So I think at the moment of our ambassador, Ric Smith, and also the consul general, Ross Tysoe, and their professional and excellent staff. They would never, in their wildest dreams, have prepared for something like this. Evacuations of Australians, maybe, but with a thing such as this it is hard to imagine. I also have been impressed by the airlines, Qantas and Garuda, in the compassionate and timely way they have responded.

In my comments I have mainly focused on the Australian impact, but it was not just Australians who were killed. People of many nationalities—over 30 from the United Kingdom, many from Indonesia and others from a whole host of countries—were killed. Some people will say this is a result of Australia taking a strong stand against al-Qaeda in the war against terrorism. I do not believe we had any choice. To have ignored what happened on 11 September 2001 would have been wrong. Australians were killed in the World Trade Centre bombing and in the plane which crashed into the Pentagon in Washington.

I conclude by commending all the volunteers and the men and women of the ADF and the state health and police services. I also commend the men and women of the Department of Foreign Affairs and Trade and those of the many Commonwealth departments that have made a contribution and have helped us to respond to this tragedy. Once again, I send my sympathy to all of those who have lost family or friends in these callous murders.

Mr HATTON (Blaxland) (5.10 p.m.)—12 October 2002 is a day that will be remembered for its infamy. It is a day that will be remembered for its infamy for the entirety of Australia's history, because on that day a secretive, snide and savage group of terrorists took the lives not just of a few but of probably hundreds of innocent Australian tourists going about their normal lives in a holiday atmosphere. The debate that we are participating in, initiated by the Prime Minister and the Leader of the Opposition, is an immensely sad one because those who were entirely innocent of any wrongdoing have been cut down so brutally and so savagely by those who would do harm not only to them but to all those they represent: the Australian people and the people of the West.

We know that no-one has come forward to claim that they have done this, in exactly the same way that no-one has come forward to acknowledge their attack on the USS *Cole*. No-one has come forward to acknowledge that they attacked United States embassies in Africa. No-one has come forward to claim that they were responsible for the bombing of the World Trade Centre in 1994. Equally, no-one came forward at the time of September 11. Almost a year later, the leader of al-Qaeda finally said, 'Yes, we're responsible.' In a promotional video they had prepared, they said they had planned it. But the probability, from all that can be gleaned so far, is that this attack on innocent Australians is but one in a series of pattern attacks where the people who are responsible for them do not take the time to acknowledge that they are responsible. Not only do they not take the time to acknowledge their guilt; they do not acknowledge any participation whatsoever.

This is a pattern of attacks that has been going on for a long period of time. Essentially, it is a series of entirely unprovoked attacks against Western secularism. In the West we have, for hundreds of years now, been able to separate church and state. The West, since the end of the Reformation and the great religious wars, has split state functions and clerical functions. Those people who professedly are behind al-Qaeda and behind a number of organisations now operating, as we know, in South-East Asia seek to establish theocratic states not only in South-East Asia but in many places around the world as well. For them, the simple existence of a Western secular state in Australia, the United States, Britain, Europe or the Middle East is an affront to the narrowness and the fundamentalist nature of their thinking. The savage brutality and barbarity of their actions is of course an outgrowth of their point of view about those whom they seek to destroy. They seek not only to destroy the individuals whose lives they have taken away and whom they have maimed—people who will carry those burdens and traumas through the rest of their lives—but also to wipe away Western secular society and the very foundation of the way we go about doing things.

There is a point of difference that I have with the Prime Minister and the Leader of the Opposition. In their contributions to this debate they both made the point that these were indiscriminate killings. I know it is the normal way in which this would be depicted, but I in fact demur and argue that these were highly discriminate killings. They discriminated precisely. They were precisely designed and precisely executed to attack people from the West, people who are identifiably different from those who undertook to exterminate them, and to do so without any qualm whatsoever for the dimensions of the anger, anxiety and trauma that they put through not only the direct victims but their families, friends and indeed the societies from which all of these people come.

This effectively is part of our memorial debate in regard to all of those Australians who have been identified as having lost their lives. The number has gone from 14 to 30 Australians identified. There are still more than 140 people who cannot be identified, and many of those may be Australians. It is already the greatest peacetime loss, certainly the greatest loss from an act of terrorism, that Australians have had to undergo. There has been a whole range of reactions to that. Part of the reaction is for some people to say—and it has been said of the attacks on the twin towers and also of these attacks—that we should be finding space to forgive these people for what they have done. That might be a good Christian approach to argue for and to contemplate. Given the depth of infamy that is involved in the attacks on the twin towers, the attacks on Washington and the attacks that have been attempted around the world, including the attempted attacks on the US embassy and the Australian High Commission in Singapore and a series of others that have failed in this long series of attacks on Western secular democracies, this part of a long war that began more than a decade ago and began unprovoked by us, I cannot find that I have the space for that kind of charity, because we are involved in a changed set of circumstances where there is a fundamental attack on the core nature of our society. If we allow the fundamental strengths of our society to be used against us, and if we allow our normal compassion to be extended to those who would exterminate us utterly, I think we would be doing the wrong thing by those people who have had their lives and futures entirely and untimely stripped from them. It would be the wrong thing to do by people who were entirely innocent.

There is a stronger reaction that you can have. It is a reaction that was expressed by Mark Antony in *Julius Caesar*. Julius Caesar was not a person who was without guilt. Julius Caesar razed towns; he depopulated places in the wars that he undertook in Gaul, Spain and elsewhere. But Antony made a speech over the body of Caesar after he had made a pledge to the

23 or so people who had assassinated Caesar—Cassius, Brutus and a range of others such as Trebonius and Casca, who struck the first blow. Taking their bloody hands in his, he pledged that he would give the funeral oration for Caesar and that he would not take up the cause against these people. Then in making a speech over Caesar's body when he was alone with it he apologised for using temperate talk in regard to the people who savagely stripped him of his life at what was still a relatively young age.

This is not a temperate speech, but given the nature of the long war that we have been involved in and the long war that will continue until the people who perpetrated this are brought to justice and until Western secularism wins out against this savage attack on it, I think it might underline the strength of feeling which a lot of people have, and which I certainly have, in regard to what has happened. He said this:

O Pardon me, thou bleeding piece of earth,
That I am meek and gentle with these butchers!
Thou art the ruins of the noblest man
That ever lived in the tide of times.
Woe to the hand that shed this costly blood!
Over thy wounds now do I prophesy
(Which like dumb mouths do ope their ruby lips
To beg the voice and utterance of my tongue),
A curse shall light upon the limbs of men;
Domestic fury and fierce civil strife
Shall cumber all the parts of Italy;
Blood and destruction shall be so in use,
And dreadful objects so familiar,
That mothers shall but smile when they behold
Their infants quartered with the hands of war,
All pity choked with custom of fell deeds;
And Caesar's spirit, ranging for revenge,
With Atè by his side come hot from hell,
Shall in these confines with a monarch's voice
Cry "Havoc," and let slip the dogs of war,
That this foul deed shall smell above the earth
With carrion men, groaning for burial.

We should not easily forgive or forget what has been done to our Australian citizens. We should pursue the perpetrators and we should bring them to justice.

Mr LINDSAY (Herbert) (5.21 p.m.)—I wish to associate myself with the comments of all previous speakers on this particular paper, except the member for Kennedy. I found myself in disagreement with virtually everything that the member for Kennedy said. Having noted that, I was very privileged only six weeks ago to be able to go to Indonesia on a bilateral parliamentary delegation and talk to the Indonesian government and to ordinary Indonesians. I found in Indonesia, having not been there previously, a land of contrasts. I had feelings of very great concern and feelings that the Indonesians were very much the friends of Australia. My concerns were related to the environment, finance, the rule of law and those sorts of things. And there was the question of Islam.

I want to tell this parliament and the Australian people that every person I spoke to where this issue was discussed, from the leaders of 90 million Muslims down to the slums of north Jakarta, people universally wanted to tell us that they were followers of a moderate religion, a religion that preached love for their fellow man, a religion not unlike the traditional beliefs of Christians, Jews, Buddhists and so on. The clear understanding here is that what happened in

Bali is the responsibility of a small group of extremists. Let us make that very clear—a small group of extremists, utterly rejected by the great bulk of the Indonesian people. There should be no doubt about that. There should be no retribution brought down upon the good people of Indonesia.

I would like to focus on Indonesia in a different way to previous speakers. Indonesia is a vast archipelago of 17,000 islands. It has a population of about 230 million. Its size, the nature of its domestic and international policies and its relative proximity to Australia ensure that bilateral relations between the two countries are of the highest importance. It is essential that Australians understand and are conversant with Indonesia's culture, government, politics, economy, trade and defence policies. In 1997, we all know that the Indonesian economy suffered an almost mortal blow and was required to undertake major reform. In 1997, the GDP of the country was \$US215 billion, but following the collapse of the economy in that year GDP fell to a low of \$US95.4 billion. Fortunately, GDP has now risen to about \$US161.9 billion.

The level of trade between Indonesia and Australia is significant, with Indonesia being Australia's 10th largest market for merchandise exports and our ninth largest source of imports. In 2001, two-way merchandise trade was approximately \$7.1 billion. In 1999-2000, Australian investment in Indonesia was \$2.6 billion. Australian aid to Indonesia is about \$120 million per annum, and it is worth every cent. It does marvellous things. For example, we support 360 new postgraduate scholarships for study in Australia every year. In relation to health services, we are providing facilities to immunise against polio 1.3 million children in four provinces. We are training 320 midwives in basic safety delivery care. We are delivering emergency obstetric equipment to 496 health centres and 27 hospitals. We are supplying almost half a million HIV-AIDS blood test kits.

Most members will know that Australia provides a range of technical training and services to Indonesian government agencies in areas such as money laundering, antiterrorism, finance, corruption commissions and so on. A key level of support is in bilateral defence cooperation initiatives, which you, Mr Deputy Speaker Price, will know about. The bilateral defence cooperation initiatives cost around \$4.75 million. In May 2002, there were 34 TNI personnel in Australia undertaking education training activities under the defence cooperation plan, and we undertake technical cooperation capacity building with Indonesia's directorate-general of immigration.

Following the Asian financial crisis, Australia provided to Indonesia \$US1 billion in second-tier support funding as part of the IMF's support package. Indonesia recognised that. Indonesia recognises that Australia is a great friend. In relation to agriculture, the Australian Centre for International Agricultural Research has 50 projects, to the value of \$42 million, in Indonesia. The worrying problem for Indonesia is of course the government debt to GDP. At the end of 1997, that figure was 34 per cent. Towards the end of 2000, it increased to over 100 per cent. Imagine running a country with a debt to GDP of over 100 per cent. Fortunately, it has come back from that: it is expected to fall to about 90 per cent by the end of 2002. The problem for the Indonesian economy, as members will all understand, is that high levels of government debt divert revenue away from public programs designed to stimulate the economy and to produce recovery in Indonesia.

I want to stress that Australia and Indonesia will remain good friends. We will cooperate in every way that we can, and we will cooperate in relation to this outrage that has occurred in Bali. I am very pleased to see that the Indonesians have arrested maybe one of the culprits, as reported on an overseas news wire this afternoon. I am hoping there will be a quick determination of who the culprits are.

I would now like to pay a tribute to the Australian defence forces and the way in which they have responded. We have to be utterly proud of what the men and women of our ADF do when their country calls upon them and that they are able to do what needs to be done in a timely and efficient manner. There are no hassles; they just deliver the service. So to the men and women of the Australian Defence Force: well done; keep up the good work at a time when you probably have the highest level of activity you have seen for many years.

I close by taking this opportunity to express condolences to the families and friends of those who have been touched. I do that on behalf of my wife, Margaret, on my own behalf and on behalf of the people of Townsville and Thuringowa.

Mr GIBBONS (Bendigo) (5.30 p.m.)—It is with great sorrow that I rise to take part in this debate. The Bali bombings of 12 October have been appropriately described by the Leader of the Opposition as our darkest day since World War II. Terrorists have engaged in mass murder. They have struck at innocent, unarmed civilians and they have struck without warning. They gave their victims no chance of saving themselves and they gave their victims no reason for their attack. They have still given the world no reason for their barbarous acts. They have not come forward to say who they are. They are faceless killers. They have inflicted a horrible tragedy directly on those they have murdered and wounded and on the families and communities of their victims. Australia grieves for its people who have been cut down and violated so wantonly. The parliament grieves for them and records its sorrow and distress and its feeling for the victims and the survivors. I grieve and the electorate of Bendigo grieves.

In the minds of many Australians, the name Bali is associated with peace, enjoyment and holidays. It is a popular destination that many Australians make for to enjoy their vacations, to mark the end of a sporting season, to honeymoon or to get a glimpse of a unique part of Indonesia's heritage and beauty. In my own electorate of Bendigo, possibly thousands have been to Bali since it became an affordable holiday venue. That peaceful atmosphere was shattered with the terrorist atrocity on 12 October. Some 30 Australians are now confirmed dead and some 180 Australians are still unaccounted for. Most of them will probably never be found alive. In the Bendigo district, at least two families are still denied knowledge of what has happened to their loved ones. There are also Indonesians and people from many other nationalities who have been killed or wounded or are unaccounted for. This agony is borne directly by many individuals and families, but all Australians feel it, understand it and want to communicate it.

At this stage it is hard to know exactly who inflicted this outrage. One thing is sure: they are criminals and they must be pursued and brought to justice. It should not have been possible for the bombings to take place. It is up to Indonesia, Australia, the South-East Asian region and the international community to find and punish the perpetrators and make the South-East Asian region safe again. It is pleasing that a team of officers from ASIO and the Australian Federal Police are now in Indonesia to help the Indonesian government identify the perpetrators. It is pleasing that Australia's Minister for Justice and Customs and Minister for Foreign Affairs are also now in Indonesia. It is heartening that world leaders have spoken out against the Bali bombings, adding international weight to the outrage and international pressure to bring the perpetrators to justice.

At this stage it is not certain who were the direct targets of the terror attack. Were the bombings directed primarily at the United States, at the West or at Australia—or were they directed at all? We do not know the answers yet. The faceless assassins have not identified themselves. But one thing is sure: Australia has suffered enormously. The Australian toll is horrendous. Australia as a nation feels the pain that has been inflicted on the victims, the sur-

vivors and their families. As the Leader of the Opposition has stated, it is perhaps the worst civilian tragedy Australia has suffered since World War II. In World War II the enemy was known. The nation could strike back and defend itself and the nation had friends and allies. In the Bali horror the enemy is not yet known. He gave no warning of his attack and Australia must wait patiently to get justice. But Australia today does have friends and allies, and the enemy of Australia is the enemy of decent nations around the world.

I agree with the opposition leader that Australia needs to take a leading role in helping to restore security against terrorism in the South-East Asian region. That involves bringing together heads of government from Australia, Indonesia, Malaysia, Singapore, the Philippines and Thailand. It involves recognising that the nations of the region have been active in tracking down and dealing with terrorism. The Bali bombings have given a heightened international profile to terrorism in the South-East Asian region and now it is necessary to step up activity within a regional framework. Australia needs to be seen to be playing a role as a genuine partner of the region, concerned for the wellbeing of the region. Australia has to be a spokesman for itself and the region rather than just an agent for any force outside the region. Australia has been sensitive in many ways in its relations with Indonesia concerning terrorism. It needs to continue to be sensitive as it endeavours to pursue the 12 October perpetrators and to make the region safe from terrorism.

I said earlier that the 12 October bombings should never have been possible. I notice there are strong indications that the Indonesian government should have been more active in dealing with terrorism in its own territories. If this is the case, then Australian and Indonesian victims, and victims of other nationalities, have paid a horrendous price for the Indonesian government's apparent weakness. But let us bear in mind that the United States suffered an enormous loss on 11 September 2001 when terrorists hijacked domestic aircraft and crashed them into the World Trade Centre in New York. The United States, with all its wealth, its sophisticated and massive intelligence and its police apparatus, was not able to prevent that terrorist attack.

What is certain now is that Indonesia is confronting the reality of terrorism on its own soil. I believe it will be assisted to continue to do so by Australia and the region recognising this and working sensitively and effectively as a regional community to tackle terrorism. Australians want answers and they want justice, and they want them as soon as possible. They also want long-term safety and peace in the region. I believe that must be vital long term for the international community and the United Nations in resolving the perceived wrongs and injustices that are the hotbeds of war and terrorism.

On behalf of the people of central Victoria, I express our condolences to all those who have lost loved ones during this atrocity. Also on behalf of the people of central Victoria, I express our appreciation to all of those agencies that have been involved in the recovery, the RAAF Hercules crews and the medical staff—most of whom were volunteers—in Bali and in the Australian capital cities. They are all doing a superb job in what must be the most difficult of circumstances. I also place on the public record that I believe the government's handling of this issue has been swift and appropriate, and it should be commended for that as well.

Mr TOLLNER (Solomon) (5.37 p.m.)—The Prime Minister has already paid brief tribute to the emergency services and staff of the Royal Darwin Hospital, which played such a vital role in the dreadful aftermath of the Kuta bombing. The Royal Darwin Hospital is a regional hospital built and staffed to cater for the accident, emergency and health needs of a population of around 150,000 people, of which about two-thirds live in the immediate vicinity in Darwin, Palmerston and nearby—the boundaries of the Solomon electorate. Over the last half-century,

the city of Darwin has been bombed, has survived a cyclone, has seen the first wounded Australians return from Vietnam, has seen successive waves of refugees arrive on our shores and has seen troops and aircraft depart for war to keep peace. Nothing could have prepared the city for the critically injured people who began to arrive at 1.40 a.m. on Monday morning.

I draw on the official report of the medical superintendent of the Royal Darwin Hospital, Dr Len Notaras. The course of events was that on Sunday at 9.30 a.m. the medical administrator on call received a message from the director of the emergency department at the Royal Darwin Hospital stating that an Australian national patient had arrived via a commercial flight from Bali following a bomb blast the previous night. In view of media reports and the arrival of the first patient, instructions were given to the bed manager to discharge as many patients as possible in preparation for the expected receipt of emergencies from Bali. At 10 a.m. the hospital was advised that a Hercules had departed for Bali via Darwin with a partial medical crew and that there were about 40 Australian casualties in Bali.

The Royal Darwin Hospital disaster plan was put into action. All elective surgery and clinics for the following day were cancelled, and intensive care units and coronary care units were prepared to receive up to 15 patients. At 2 p.m. on Sunday, the information was that 20 patients were being evacuated from Bali at 2200 hours and a further 20 soon after. The decision was made to clear the two surgical wards to accommodate up to 60 casualties. A medical team, including a burns specialist and an intensivist, arrived from Adelaide to assist the RDH medical staff. The first arrivals of injured were at 1.40 a.m. on Monday. Over the next 16 hours, 62 casualties were received at the hospital with injuries consisting of severe burns and trauma. Fifty-three patients were evacuated to the burns unit of major city hospitals across Australia over the next 24 to 36 hours.

That report conceals the suffering, the pathos and the heroism of patients and those attending them during the first 1½ days. No event in Australia's history, apart from the world wars, has seen anything like the scale of injury and suffering that arrived on those first Hercules aircraft through Monday morning and the rest of the day. No regional hospital has faced such a task in Australia's history. The Royal Darwin Hospital has a young but highly qualified team in its emergency department and burns unit. Those teams performed a continuous 36 hours of work, providing surgery, intensive care and specialist treatment for the wounded innocents of the Sari nightclub—victims who had endured a full day of makeshift care in Bali attended by staff and volunteers who could do little more than keep up their fluids, soothe their wounds with ice and water-soaked towels, and hold the hands of the young victims.

There will be many stories of the heroes of the Bali bombing. Among those will be counted the Royal Darwin Hospital staff. Specialist burns nurse Alison Mustapha; the director of the emergency department, Carol Mansfield; and senior emergency department nurse Ronni Taylor worked tirelessly for 1½ days coping with burns victims who had suffered injuries not seen beyond the battlefields of war. The young English graduate in specialist emergency, Dr Didier Palmer, and the head of the intensive care unit, Dr Dianne Stephens, were just two of the staff who carried out their jobs with professionalism and dedication from the early hours of Monday morning. Medical superintendent Dr Len Notaras and acting general manager Dr Gary Lum tackled the organisational task that confronted the hospital.

I spoke with Dr Len Notaras yesterday. He had been on his feet, bar a short nap, for about 40 hours. He spoke about the nature of the injuries, the number of critically ill, the sheer scale of the task and the extent of suffering that confronted his staff on Monday. He told me that for those at the hospital, on the front line of disaster and tragedy, those 40 hours had been ex-

traordinarily challenging but rewarding. He said to me, 'If I were run over by a bus tomorrow, I would think that at least I had done something useful in this life.'

Those in the emergency, burns and intensive care units of the Royal Darwin Hospital have been through an experience that they will never, ever forget. But their memory will be of being equal to the task, of success, and of alleviating suffering and providing the best care possible for those who arrived on stretchers on Monday. The hospital treated 62 victims of the bombing, many with limbs lost, deep shrapnel wounds and extensive burns that became infected over the first 24 hours after the bombs exploded. Of these 62 patients, the nationalities of 11 remain unknown—a clear indication of the critical condition of these victims. Today, almost all of those patients have been transferred to hospitals in other capital cities. Just seven remain in care in Darwin.

I have also spoken with St John Ambulance General Manager, David Baker, who received a phone call from the communications centre early on Sunday morning to advise that there had been a terrorist attack in Bali. He told me that, from that moment on, the situation that unfolded left many experienced people stunned. By good fortune, nine paramedics were completing a residential intensive care paramedic training program in Darwin, and this group was one of the first put on full alert. Other crews were called in, and a huge number of volunteer ambulance officers and first aiders offered their services. Coordinated by Operations Manager Trevor Sellick and his deputy, Michael McKay, crews for dozens of ambulances were ready for action by 9.30 p.m. on Sunday evening. St John's volunteers were stationed at the airport and at Royal Darwin Hospital.

By 7 a.m. on Monday morning, the first two Hercules had arrived and been carefully unloaded—with 38 patients transported, involving an effort of more than 30 paid staff and volunteer members of St John Ambulance. Mr Baker said that some were unprepared for the images that they encountered but all undertook the task with the utmost professionalism. On Monday afternoon, a further two Hercules were unloaded and 22 patients were conveyed to Darwin Hospital. By then, many St John's people had been stood down for a well-earned rest.

The Alice Springs Deputy Operations Manager, Craig Garraway, and the Katherine OIC, Kevin Blake, provided coordination expertise. Paramedics were backed up by volunteers and administrative staff—many of whom, including the CEO, drove the ambulances, leaving paramedics free to assist the patients. With a normal daily complement of just three ambulances and six paramedics in Darwin, the availability of more than 30 staff and members was unbelievable, with vehicles rushed in from Katherine and Batchelor and St John people volunteering without a thought for their own situation. The cooperative effort between military medical and nursing staff, Royal Darwin Hospital medical and nursing staff, and paramedics and volunteers from St John Ambulance was magnificent.

The people of the Top End feel a strong affinity for their near international neighbours. It should be remembered that Denpasar is about the same distance from Darwin as Cairns, that Dili is as far from Darwin as Newcastle Waters—a town a little more than halfway to Tennant Creek. I have had several inquiries from constituents regarding Australia's efforts towards the care of those Indonesian nationals left behind in the hospitals of Denpasar and Bali. I have been able to tell them of the Australian government's response, sending medical consumables and funds to assist the injured still in Bali, and of the offer by the foreign minister for treatment of seriously injured Indonesian nationals in Australian hospitals. Members will be aware that my colleague in the other place Senator Nigel Scullion has circulated to members and senators a phone number for anyone experiencing difficulties in Darwin.

Darwin's proximity to this event and the involvement of its citizens in the first line of emergency evacuations means that they keenly feel the horror and tragedy of the bombing. All Australians condemn this unspeakable act and feel the anger against the despicable bastards who carried it out. I have no hesitation in saying, on behalf of my constituents, that the resolve to see these bastards apprehended and punished is strengthened, not diminished, and that they join with other Australians in calling for measured, hard-headed and relentless action to see terrorism stamped out across the globe.

The DEPUTY SPEAKER (Hon. L.R.S. Price)—I think I speak on behalf of all members of the Main Committee in requesting the honourable member for Solomon to pass on our thanks to the Royal Darwin Hospital and all those who have served the victims so well.

Mr SCHULTZ (Hume) (5.49 p.m.)—On 12 October this year, terrorism arrived on the doorstep of Australia with the bombing of the nightclub in Bali—a cowardly, calculated act of terrorism on innocent people by those who can only be described as animals who slink around in the darkness. That horrific blast obviously affected every member of parliament in this House on Monday, regardless of their political persuasion, as well as their staff and all of the people who work in this place. It affected us because, as previous speakers have said, it was the worst incident of that proportion ever to face this nation in peacetime. We all witnessed through the media the number of deaths and the way in which this horrific bombing created unbelievably horrific injuries, caused by fire and shrapnel made up of glass, metal, timber and concrete. As some members have said, it was not just the burns; you have to keep your mind focused on the fireball that followed the explosion and the intensity of the heat that was contained in that fireball. It brought back memories for me of when I was fighting a bushfire years ago and a father and son were in their paddock. The bushfire was fanned by a very strong wind, and they were enveloped in a fireball that went through that paddock. It was one of the most horrific scenes that I have ever experienced in my lifetime.

I cannot imagine—in any way—the horrific injuries that were caused by this bomb. Many young, healthy, fun-loving Australians were cut down in the prime of their lives. Our grief is devastating. We have all experienced grief at some time in our lives, within our own families; but what we are talking about here are mothers, brothers, sisters, fathers, cousins, friends and mates. They saw their relatives and friends go to Bali, which has been enjoyed by Australians for many years as a place of relaxation and fun, and be killed or horribly maimed as a result of this treacherous and inhumane attack on innocent people.

What has come out of this is that, quite obviously, places like Bali are not as well equipped as we are in this country to handle the sort of devastation on human beings that was the aftermath of this tragic and terrible terrorist activity. The medical facilities were expended very quickly and were hopelessly inadequate. People in the medical areas were unable to cope with the number of victims of this despicable act. But the positive thing that came out of it was the unselfish commitment of Australians, from all walks of life, to help fellow Australians, as they do when people are in need. They not only helped fellow Australians but they also helped their mates and newly-found friends, people from overseas and the friendly Balinese people who were also innocently caught up in this terrible, terrible tragedy. That unselfish commitment by those Australians and others was given in this dire time of need, as Australians always give it. We saw, and still see, volunteers—many of whom were doctors and nurses on holiday in Bali—doing what they could to assist people. We saw Balinese and overseas visitors spontaneously acting to assist fellow human beings who were being engulfed in the fireball that followed that explosion.

The nature of the injuries was such that our own surgeons and our own medical people—and, indeed, many other people and organisations, including the RAAF and the Australian Federal Police—went across to see what they could do to assist and to look at what we could do in terms of identifying the treacherous and cowardly animals, as I have described them, that were responsible. There is absolutely no doubt that the resolve of the parliament and the Australian people is strong in terms of tracking down these terrorists, identifying them and making sure that they pay the appropriate penalty. But it will never bring back all of those beautiful people—men and women, young people, teenagers—who have gone. And there is the knowledge that there are 30 known Australian dead at the moment and the possibility of up to 183 or 200 people killed in this devastating, horrific incident. Many of those people, because of the heat and intensity of the fire that engulfed them, will never be found. They will just have disintegrated. That is the sad part about it, and that is the sad part of life that many Australians will have to face in the not too distant future.

I know I can speak on behalf of all of my parliamentary colleagues, regardless of their political persuasion, in saying that our hearts bleed for those people. Our sorrow was seen here, as I said, in the chamber on Monday and is still seen in this chamber today. We can only offer comfort by way of our sympathy to all of those people affected by this treacherous act. I hope in my own heart that all of the authorities that are involved in this matter—including the Australian government, the Indonesian government, the US government and any other government that lends assistance in some way to try to identify who these people are—are all totally committed, as Australians are, to ensuring that the ultimate penalty is meted out to the vicious, cowardly individuals who use soft targets throughout the world because they do not have the courage to come out and confront people in the traditional way in which wars have been fought throughout the world from time immemorial.

It sends a very compelling message to the people who live in a vacuum in this country who do not think that this sort of terrorism can come in and touch us. It can. It sends a very strong and compelling message to all Australians to be vigilant. In closing, my final comment is that all of the people out there in our communities are the eyes and ears of this nation. At some time, they will be called upon by those in authority in this country to give information on any activity that may result in any possible terrorist act in this country. I appeal to them to think about that. On this sad occasion, I again offer my very deep condolences—and condolences on behalf of my family and all of my constituents—to all the families affected by this outrageous terrorist act that has taken away so many fine Australians.

Mr MOSSFIELD (Greenway) (5.59 p.m.)—There are dark periods in our history which are defining moments that shape our future. Certain events in the Second World War, although hidden by the public view due to media blackouts—events such as the Kokoda Trail battles, the first enemy attack on Australian soil, the bombing of Darwin, the shelling of our coastline at Newcastle and Bondi and the midget submarine attacks in Sydney Harbour which resulted in so much loss of life—were such events. More recent events, such as the Port Arthur massacre and the terrorist attack on the World Trade Centre in New York—witnessed live on TV by many Australians—were major events that will live in our memories forever and have changed our lives.

The horrific bomb attack on Australian citizens and others in Bali last Saturday is an event that has brought grief and sorrow to many Australian families. It will open up a new chapter in our history, in the way we live and work and in our internal security and defence preparedness. This new chapter will call for a more inclusive and united Australian population where all of us, whether Australian born or more recently arrived, recognise Australia as our home,

where the conflicts of the past are forgotten and where our religious and ethnic backgrounds are used not to divide us but to unite us. Tragic occasions such as the Bali bombing bring out the best in us. There are many stories of heroism and mateship shown by the people injured in the attack. Without being paranoid, we will all have to be more alert to the dangers that could present themselves in the changed world. Within Australia we must ensure that we have a fair society so that no Australian citizen feels resentful enough to harbour terrorists or take part in terrorist activities. We need to ensure that our defence forces have the necessary modern equipment to detect any threat to Australian citizens and are in a position to act swiftly and effectively in the event of any terrorist threat to Australian citizens, property or sovereignty.

Barbaric, despicable, disgusting, outrageous, heinous—the English language is a versatile one, but there are simply not enough adjectives to describe what a terrorist does. Innocent lives are shattered and innocence itself is a victim. What took place in Bali was a criminal act so abhorrent as to defy description. The perpetrators of the crime will not find the Paradise they seek. There is no justification for this crime, not even by their own teachings. The Prophet Mohammed said:

The killing of an innocent person is like to kill the whole mankind.

There is no justification on any level under any religion, Islam included, for the crime that was perpetrated by the criminals in Bali. The dead and injured were innocent, and Islamic law is very clear on this point. Unfortunately killing happens in self defence under both Islamic and Christian traditions, but even then there are strict rules that apply, and the killing of innocents is expressly prohibited. This was not self-defence. There is no possible definition in either Islamic or Christian faiths that could come anywhere near using self-defence as an excuse. There is no excuse. Islam is a faith based on peace and tolerance, despite what some elements of the media would have you believe. Almost every faith has its extremists, those who would twist the words of the holy books and the holy men—

A division having been called in the House of Representatives—

Sitting suspended from 6.03 p.m. to 6.19 p.m.

Mr MOSSFIELD—Before the division I was saying that almost every faith has its extremists—those who would twist the words of the holy books and the holy men to their own twisted position in order to justify their own extreme views. Australia is a multicultural and tolerant society. People are free to worship however they choose. There is no compulsion in religion. We are the stronger for it; we are the better for it. The electorate of Greenway and your electorate of Chifley, Mr Deputy Speaker Price, have people from all corners of the globe. Dozens of languages are spoken in our respective electorates and many different faiths are practised. Our electorates are a sample of the wider Australian community. There are thousands of people of the Muslim faith in Blacktown who add a rich texture to our community. The criminals who carried out this heinous crime in Bali are not representative of them; they are poles apart.

Fundamentalism and fanaticism must be fought at every turn because they are the threat to peace; they are the threat to innocence. Tolerance is a basic tenet of all faiths, and fundamentalism is an enemy of tolerance. They cannot live side by side, they cannot coexist, because the latter does not allow for the former. When someone takes an extreme position there is no room for debate, no room for negotiation, no room for tolerance—no room to move at all, except towards destruction. With the fundamentalists of any religion, we are dealing with minds locked in a past long forgotten or locked in a time that never existed in the first place.

Society is a changing thing—it changes all the time, from moment to moment—but a fundamentalist does not see it that way, or will not admit it.

The growth of our society throughout history has come from minds that are open to new ideas and new concepts and from people able to adapt and change. Without change a society stagnates, turns inwards and slowly destroys itself, yet that is exactly what the fundamentalists want. They want to wind back the clock to the Middle Ages and not budge. They cannot see the self-destructive nature of their position. They do not believe in tolerance. They do not believe in any positive force. They believe only in hatred, fear and ignorance—the destructive forces. They believe only in violence as a solution because they cannot allow for diplomacy, which would necessarily involve compromise. With compromise comes an acknowledgment of the legitimacy of another's position—and no fundamentalist worth their salt would ever acknowledge that somebody else might have a valid point. The Koran, chapter 8, verse 61 says:

If they seek peace, then you seek peace. And trust in God for he is the one that hears and knows all things.

But fundamentalists do not want to trust in God. They think they know better. They think they know more. What happened in Bali was an outrage perpetrated against innocent civilians but also perpetrated against the Koran and the teaching of Islam.

Hundreds of families and thousands of friends, relatives, neighbours and mates will have to deal with this tragedy on a very personal level. My heartfelt sympathies and condolences go out to them. The electorate of Greenway has lost citizens in this attack, as have most electorates around Australia. It has touched every corner of our land. We as a community will have to deal with this tragedy. The world is not the same any more as we mourn the loss of lives and the loss of innocence. Terror has struck in our very midst. While September 11 was horrifying and affected us all very deeply, it was also distant, half a world away, and I think that in some cases the immediacy of it never really struck home. This attack in Bali, however, is similar in scale to the World Trade Centre disaster when one considers the relative population sizes of our two countries, and it hits home more. It has far more potency here in Australia because it was our own people in our own backyard.

Bali was a holiday destination for so many thousands of Australians every year, and by targeting foreigners in Bali the terrorists knew that they were targeting Australians. As America was the victim on September 11, Australia was the victim on October 12. There were people of other nationalities who were killed and injured, just as there were in the World Trade Centre, but the target this time around was Australia. We will have to come to terms with that and we will move on, always remembering and forever honouring those who perished. My thoughts and prayers are with the families of the victims.

Mrs DE-ANNE KELLY (Dawson) (6.24 p.m.)—Evil reached out on 12 October 2002 and murdered an as yet uncounted number of young Australians and people from other nations. This evil was no wraith: brutal, callous mass murderers bombed the Sari bar in Bali. Australians are presently numbed and they are filled with anguish for those who died and their grieving families. However, as the details of this cruel and barbaric bombing become known, Australians will undoubtedly be filled with righteous outrage and with a sense of purpose to ensure that the murderers are brought to justice.

We need to remember that many people of other nationalities died or were injured on that terrible day in Bali, including many Balinese and other Indonesians. I am sure we are all thankful for the kindness and support shown by many Balinese and other Indonesians to in-

jured Australians and their families and friends. Terrorism is the cruellest, most indiscriminate and arbitrary of hateful acts, striking down the young and the innocent. Terrorism sacrifices the hopes, ideals and very lives of the innocent to fulfil the twisted, vengeful and hate-filled ideology of the terrorist.

As chairman of the Australia-Indonesia Parliamentary Group, I would like to say on behalf of other members of the parliamentary group that we are thankful that the Indonesian government and people are working hard, with limited resources, in Bali to identify the dead and return them to their various homelands. It is encouraging to see the cooperation between Indonesians and Australians in the police and forensic work and in the investigation of this dreadful crime and its aftermath. We need to remember that this is a blow not only to Australia, bringing terrorism to our very doorstep, but also to the Indonesian people because of the loss of life of Balinese and other Indonesians. It is also an economic blow. I am sure we all trust that President Megawati and the Indonesian people will, like all people of goodwill, make every effort to detain and bring to justice the terrorists here and abroad.

In our outrage, distress and sadness we must not be deterred from rooting out and removing those who deal in the evil of terrorism here in our region and elsewhere around the world. Terrorism has no faith, no home and no creed. All good people of goodwill and faith around the world would rightly condemn terrorism. There is a suggestion that, if Australia had not supported the US in condemning Iraq and weapons of mass destruction, somehow we might have been able to avoid this dreadful and brutal act in Bali. But cowering from evil would not protect us, as it has not protected others, such as the Kenyans when the American Embassy was destroyed by al-Qaeda in 1998 and the Germans in the Tunisia synagogue. Terrorism is a many-headed monster with tentacles around the world. It lives in the shadows and has no borders or faith, as I have said. Those who threaten international peace or security cannot be allowed to build and to grow in sanctuaries around the world that welcome terrorists. Weapons of mass destruction and those who murder their own people, as Saddam Hussein has in Iraq, cannot be tolerated. No-one wants war, but none of us can allow weapons of mass destruction and terrorists to grow and flourish and threaten international peace and security.

We all pray that those Australians and people of other nationalities who have lost family and friends in Bali, and those who are horribly injured, will have some comfort and peace in the time ahead.

Mr BEVIS (Brisbane) (6.29 p.m.)—Last Sunday's act of brutal terrorism was barbaric by any measure, but it was not blind. The people who perpetrated it were purposeful: they sought out their targets. There were in fact four blasts that evening and the targets in each case were clearly identified. In the case of the nightclub in Bali, the target was clearly intended to be predominantly European, predominantly Australian, and on an island of course where the prevailing religion is the minority religion in Indonesia. It was the cold-blooded murder of innocent people.

Before I make some comments about, if you like, the political and strategic circumstances surrounding this, I want to place on the record my deepest and sincerest condolences to the victims and their loved ones. Like everybody, I have watched the news over the last couple of days and seen the footage of the Air Force taking people to hospital and the interviews with various survivors and also with doctors. Two stories out of the many hours of news footage stick firmly in my mind. One of the RAAF people spoke about an Australian who had been put on a plane to be evacuated but who actually gave up his seat because he thought another person was in a worse condition and so volunteered to wait. But more compelling was the

comment made by one of the doctors involved in providing what level of support could be provided in Bali with very limited resources. They had limited pain-killers.

A division having been called in the House of Representatives—

Sitting suspended from 6.31 p.m. to 6.43 p.m.

Mr BEVIS—Before the adjournment for the division I was commenting on one of the media reports about a doctor who was talking about the problems in Bali in seeking to administer health care to those who were most in need. He commented that they had a shortage of supply of many medical items, including anaesthetics and pain-killers. As they went around to treat people, individuals who were offered pain-killers actually turned down the pain-killer and said, ‘No, give it to the person in the bed beside me or to the person over there; I think they are in greater pain than I.’ When you consider the circumstances in which that happens, it is a truly remarkable turn of human nature. It demonstrates a very positive side to what is, in all other respects, a very tragic set of circumstances.

Terrorism is not new. It is not new, and it did not start on 11 September last year. Innocent people going about their daily peaceful lives have been killed and maimed in various parts of the world all too frequently. If we look at just the last 40 years, there are too many examples you can cite—in Europe, in Africa, in Asia and in South America. The examples are all too common. At times this has involved non-state terror; at other times it has been state sponsored terror. People will sometimes refer to that as ‘dirty wars’.

Indeed, at the moment in the parliament we have a visiting delegation from the United Kingdom, and many of us have had an opportunity to meet with them in different forums. At one such meeting, they reminded us of the UK experience in dealing with terrorism within their home borders for some generations now. None of that minimises the horror, but if we are to properly respond to this terrible circumstance in which we as a nation now find ourselves we must understand the context in which these shameful acts have occurred. We have to ensure that those responsible are brought to justice, that they are held accountable, but we must be equally careful not to lay the blame at the feet of innocent folk. We have to target the terrorists—all terrorists and only the terrorists—in this struggle.

There has been some significant media coverage and other reports of the activities of the Jemaah Islamiyah group in Indonesia—and I think, by any assessment, they are prime suspects—but we have to proceed with caution and with clear judgment as we look at the evidence and the facts associated with that. It is the case that they have experience in explosions, it is the case that they have demonstrated an intent and, whilst they have not had the ability to conduct an exercise as large or as coordinated as the four blasts last Sunday, they probably, more than any other group, would have had access to others who could have assisted them in the execution of their plan. But we should be careful as we go about assessing the evidence to ensure that what we do as a nation, both militarily and diplomatically, is just and well founded.

I mentioned that terrorism is not new. It is now on our doorstep, and it does require us, as a nation, to respond directly. That means we have to review our counter-terrorism capabilities. I wholeheartedly endorse the statements by the Prime Minister and the Leader of the Opposition in respect of our counter-terrorism capabilities and the need to review them. I applaud the fact that we now have a counter-terrorism capability, to some extent, on both the east coast and the west coast. I think that is a good move. I would suggest to the government the merit in looking at a third unit in Northern Australia, whether that be based in Townsville or in Dar-

win. I think there are very good grounds for having a third unit raised, and I understand there would be some costs incurred in doing that.

But, as we have seen not just last Sunday and not just in September of last year, the nature of the threat to Australian peace now is different from that upon which we have traditionally configured our security forces. In May 1998, I was the shadow minister for defence, and I gave a speech in Western Australia, the Blamey Oration, in which I said:

... overt military threats from hostile states are increasingly being subordinated to, or complicated by, a mixture of economic, religious, political, environmental and resource security challenges, as well as the activities of non-state actors—most notably terrorist groups and transnational criminal organisations.

I gave two examples from that time. One was the hijacking of an oil tanker in Asian waters and the second was the Sarin gas attack by the Aum Supreme Truth religious cult in Tokyo, and I made the observation:

Neither conforms to conventional warfare patterns. There is no foreign state involved. Neither is easily dealt with by conventional force structures.

I also said:

Terrorism, in its various forms, must now be included as an integral factor in our future security planning.

Some 4½ years later we are now commencing to seriously put in place that planning. I think it is important that that be done.

It is also important though, as we review our response to terrorism, that we look at our capacity to respond, our information gathering capacity and our analysis of that information. I make no comment about the circumstances of the Bali terrorist attack in particular but clearly, as with September 11 and all the other examples of non-state terror of this kind, a critical component is the ability to gather intelligence, to analyse it and then to act very quickly. We need to review our capacity in that area.

There has been a suggestion that we should also be reviewing our internal domestic antiterrorism laws. The parliament has not long ago done just that. Our domestic antiterrorism laws have to be finely balanced. It would make no sense to introduce antiterrorism laws that so undermined our civil liberties and freedom that we would lose the very things we cherish and which terrorism seeks to destroy. So I am cautious about any further review. However, I do think the call by the Leader of the Opposition for a regional response to this issue is timely. There is, whether we like it or not, a South-East Asian focus to the war on terror. Some of you will be familiar with the publication *Jane's Defence Weekly*. Jane's put up an article on 14 October, following the Bali explosion, which was headlined 'Al-Qaeda goes South East'. The very first sentence of that article said:

While attention in Washington continues to be focused on Saddam Hussein and Iraq, the war on terrorism is far from over and has entered a new phase.

The war on terrorism is now, whether we like it or not, in South-East Asia. It is important that we define this properly. I do not actually like the term 'war on terror' because it does not define who you are at war with. It is a bit like the 'war on crime' or the 'war on drugs' that people talk about—it becomes a never-ending saga. But there is one thing we have to be certain and clear that it is not: it is not a war on Islam. Other members have spoken about that, and I think that is an important point that we need to be mindful of all the time.

I am concerned about the many very fine Australians of Islamic faith who do feel persecution in their daily lives because of the reaction of some in our community to these events. That is improper and it should not be occurring. We should have foremost in our minds when

we debate these matters those concerns of our citizens who are of Islamic faith, who are concerned that the interpretation sometimes given to this is that it is in fact a holy war of a different sort. It is nothing of the kind. It is a war on terror. It is a war on terror that requires a military response but for which a military response alone is inadequate. The war on terror must include diplomatic and economic responses if it is to succeed.

I want to say in that context, and picking up on the comment that was made in that article from Jane's, that there is a distinction between the war on terror and dealing with the problems of Iraq. I want to remind the parliament of a comment made by General Brent Scowcroft, a former national security adviser to Republican presidents Gerald Ford and George Bush Sr. He made this comment only a couple of months ago:

... the central point is that any campaign against Iraq, whatever the strategy, cost and risks, is certain to divert us for some indefinite period from our war on terrorism.

We cannot afford to be diverted from the war on terrorism. That must be our first, second and third priority in responding to the dangers that we have now confronted first-hand. We should not allow ourselves to be diverted by what I think is a much easier to understand and easier to target adversary but, frankly, one that is a separate issue that will, if we are not careful, distract us from the important task at hand.

Finally, I want to return to the point I commenced on. The events in Bali last Sunday were tragic, they were barbaric and they were unforgivable. It is important in responding to that that we firstly do what we can to assist those who are injured and their loved ones, and the nation has pulled together incredibly well to do just that. We must now turn our attention in the days and weeks and months ahead to ensuring those responsible are brought to account. Let us do that with resolve; let us do that with justice.

Ms PANOPOULOS (Indi) (6.55 p.m.)—It is with great sadness and anger that I rise this evening to support the Prime Minister's motion. As a nation we are still shell shocked and as a people we will be transformed in ways that we are yet to comprehend. We feel a heavy, oppressive grief, yet the implications of this horrendous attack have yet to penetrate the depths of our national consciousness. My heart goes out to the families and friends of loved ones who have died, who are missing or who are injured and to many others who are waiting to hear news of their loved ones. The tragedy has affected every corner of Australia, including my home town of Wangaratta. I am touched by, and proud of, the Australians in Bali and back home who instinctively volunteered to provide medical assistance, counselling and on the ground support. The mass murder of Australians in Indonesia by terrorists has forever shattered the political innocence of our nation. Although the word 'terrorism' may have lost some of its impact from overuse in recent times, those who committed this terrible crime have succeeded insofar as they have instilled terror and trauma in the hearts of Australians.

Many are asking why this evil attack happened. Unlike Singapore and Malaysia, Indonesia has until now refused to accept and acknowledge that there are indigenous terrorist cells flourishing within its borders. The card of political extremism is also being played out in Indonesia. Vice-President Hamzah Haz has pandered to fundamentalist Muslims, claiming that there were no native terrorists in Indonesia and that the alleged extremists 'only wanted to see that Indonesia has a religious society'. But there are known terrorist training camps in Indonesia, and fundamentalist Muslim terrorists have travelled in and out of Indonesia unimpeded. Abu Bakar Bashir, the spiritual leader of Jemaah Islamiah, advocates the importance of holy wars and has conducted a propaganda campaign in support of bin Laden, describing him as a 'warrior of God'.

Bali is the Western mecca of the Muslim world and an obvious and easy target. It is a Western holiday destination in the middle of the largest Muslim population in the world, with free and easy access for bombs and their components and for terrorists. If Bali had been geographically close to Canada, the high death toll would have been of Canadians. Equally, if it were geographically close to any Western nation, that nation would suffer the majority of casualties. I categorically reject the view that the Bali bombing was retaliation by fundamentalist Muslims against Australia's support for the war against terrorism. Terrorists are trained to kill and inflict maximum harm indiscriminately. They do not select a target location and politely warn the citizens of some countries and not others. The citizens of many nations who have not joined the war against terrorism have also been tragically killed. The German Chancellor recently campaigned against the war on terrorism, yet this has not afforded immunity to German tourists in Tunisia who were killed earlier this year in attacks linked to al-Qaeda. There were French and Pakistani nationals killed in a recent bombing in Karachi. We cannot purchase immunity from terrorist activity through silence and inaction. Such compliance has not been and will never be effective in protecting the citizens of any single nation—not even the citizens who live in religiously oppressive nations where political injustice is the norm.

The Sari Club was bombed because it was a venue known to be patronised by Westerners, and it is the values that are broadly embodied in Western civilisation that were the targets of fundamentalist Islamic terrorists. We value a secular society in which we are tolerant of different religions and of different belief systems. We strongly believe in the freedom of an individual to pursue their life's ambitions and dreams according to what is important to them. We do not prescribe a righteous religious path for all to follow and we do not condemn to death those who disagree with us. We are tolerant and subscribe to the saying 'live and let live'. We should be proud that intellectual, personal and political freedoms are the hallmarks of Western civilisation. It is these freedoms that have shaped our country and that have shaped our lives, it is these freedoms that have made Australia a prosperous and successful nation, and it is these freedoms that are under attack by Islamic fundamentalists who believe we are a decadent, immoral, ungodly society that is having a corrupting influence on the world and who blame us for the social and economic failure of their respective countries.

Their propaganda pits the West as the fat cow, milking poor Islamic countries, yet the founder of al-Qaeda, Osama bin Laden, inherited a family fortune that was built on extreme inequality between the ruling Saudi aristocracy and the rest of the Saudi population. The terrorist organisation Jemaah Islamiah that has strong training and other links to al-Qaeda is the prime suspect for the Bali bombings. Its terrorist network stretches across South-East Asia and some of its members have been arrested in Singapore and Malaysia. Through striking fear in our very hearts, terrorists attempt to blackmail us into accepting their ideology as the only way of life. They are no different from the murderous authoritarians that have plagued human history. It is in such times that Australian people look to their national government for leadership. We should not be held hostage by the twisted, authoritarian, murderous ideology of fundamentalist Islam that has claimed so many Australian lives and traumatised many more.

We cannot buy immunity from terrorists and, no matter what some people may say, you cannot do a deal with them either. The world of terrorism will not be placated by peace marches and hectoring speeches denouncing those who dare to confront these criminals and the nation that supports them. Such behaviour befits only those in search of a fool's paradise. Those who claim that the terrorist attack of September 11 was a matter exclusively for the United States and that Australia had no part in responding are now completely discredited. The massacre of Australian citizens has irreversibly shaped the debate in Australia and de-

fined the nature of Australia's response to those who present a threat either at home or overseas. The threat to Australians does not come from what its government does, but it could come from what it fails to do. We as a government will continue to work with Indonesia and other neighbouring countries to hold accountable those nations who harbour, train and fund terrorists and to bring to justice the criminals who have murdered so many innocent people. I commend the Prime Minister's motion to the House.

Mr PRICE (Chifley) (7.02 p.m.)—I too wish to speak on the resolution proposed by the Prime Minister and seconded by the Leader of the Opposition, which is the subject of the motion before this chamber, concerning the horrible events of 12 October in Kuta in Bali. I think it is fair to say that members of parliament, just like ordinary Australians, are having great difficulty at this time coming to grips with the magnitude of what has happened in Bali. I cannot think of a family in Australia that has not had a family member or knows of a friend who has been in Bali at some point. Bali has almost become a rite of passage for Australians. My family is no different. Friends and my own son were there last Christmas, and two nieces planned to be there next April.

I think we are grieving as we understand that there has been a terrible loss of life—not only the 30 Australians known to be dead but the 170-odd who appear to be still missing, although we are still working on that. Television has graphically brought to every living room the full horror and magnitude of what has happened. The role for an opposition in these circumstances is to support the Prime Minister and the government of the day because, under our system of government, it is they who are responsible for taking action. Everyone from the Prime Minister down knows that they have the full measure of support from the opposition, as well as the support of the Australian people, in this terrible tragedy.

Much has been done in the aftermath of this terrorist attack that we can be proud of: the individual acts of bravery and courage that were carried out by Australians who were there, and by the Balinese as well; the role of public servants and holidaying doctors who sprang into action as a consequence of this disaster; the role of our ADF; and, as the member for Solomon outlined in some detail, the tremendous job that the Royal Darwin Hospital has performed. We all owe them great thanks. We are thankful for the initiatives that the government took as a result of this, although we have a responsibility to ask our Prime Minister that any actions that are subsequently taken are calm, measured and calculated.

We are in a grieving process at the moment. I have no doubt that at some point a great deal of anger will be felt about what has happened, but we have to be careful not to rush to judgment. We know that this was clearly a terrorist attack. What has made it so different is that I, together with a lot of Australians, felt that terrorism happened in other parts of the world and would not hit Australians so dramatically with the loss of such numbers—in particular, so many young Australians. It is a loss of innocence for us; it is a loss of innocence for Indonesians. I have been impressed by many of the Australians who, when returning to Australia, have expressed their gratitude to the citizens of Bali for the way they responded and assisted them, both individually and organisationally in terms of the hospital there.

It is very hard to grasp positives out of something that has been so horrible and so terrifying and something that is beyond our imagination. But it reinforces a number of things. In the longer term we need to use this shared horror to strengthen our relationship with Indonesia, our most important and nearest neighbour. We have to understand that they, too, have suffered their losses. There is much we can do to build those links. I sincerely hope that in the future as we look down the track we are able to say that the relationship between Indonesia and Australia has been strengthened immeasurably. No government or country can insure itself against

terrorist acts. It is quite clear that we are mutually dependent on every country in our region to treat terrorism with equal seriousness and determination. In that regard, the Leader of the Opposition seeks to have a summit, and that is to be commended because, having had the attack in Bali, there can be no guarantees that there will not be future acts of terrorism. The honourable member for Brisbane—whose views I hold in the highest regard—reminds us that terrorism is not a new thing. As I have said previously, it is not that we have not sent Australians in the past to fight in a war against terrorism; what makes this different is that it has affected us so directly.

Some may say that it is not appropriate to raise issues in such a debate, but the honourable member for Greenway pointed out that we need to be reassured about our own capability. When the honourable member for Brisbane was the shadow defence minister he proposed that there be a national security council. I acknowledge that the Howard government has done much to beef up the security subcommittee of cabinet and its operations, but I regret to say that the government is yet to respond to a parliamentary report tabled in September 2000, some two years ago, entitled *From phantom to force*. The very first recommendation states:

We recommend that the Government develop and maintain a national security policy. This policy should, amongst other things, guide the Defence Forces on their role in an integrated national concept for promoting and achieving international prosperity, peace and security. We further recommend that the Government explore the feasibility of creating a National Security Council to oversee the development and maintenance of a national security policy.

It is hardly what you would call a breathtaking recommendation. I do think it deserves the serious consideration of not only the government but all members of parliament. I regret to say that that recommendation has yet to be responded to.

I also wish to raise one other issue about our capability. Terrorists are not great users of mobile phones, the Internet, faxes or the traditional means of communication, although they sometimes do. In our intelligence apparatus it is clear that we not only need governments to take decisive action in relation to their own countries but also need some on-the-ground intelligence capability that is able, as best it can, to gain information about possible terrorist actions in our region. The Joint Standing Committee on Foreign Affairs, Defence and Trade has a watching brief on terrorism. I would love to say to you that we were able to anticipate such a tragedy. We were not. But I am particularly interested in the new role and responsibilities that ASIS may have and particularly in the deficit that I suspect may exist.

People have suggested that this was the act of Muslim fundamentalists. I want to hold judgment on that until that is clearly demonstrated. I do hope that Indonesia, and Australia also, will acquire the information and evidence about who was responsible for this dastardly attack. In my electorate I have, according to the latest census, some 9,000 Muslims, and I have three mosques. As other members have said, we value the contribution that they as Australians who profess a faith in Islam make to Australia. I regret that sometimes our citizens take pre-emptive action, I think based on ignorance and fear, to attack those people. I regret to say that there has been another incident at the King Abdul Aziz School and mosque in my electorate. After September 11, I took the initiative to go there and seek to reassure them, and next Friday week I will again be at the mosque.

I want to make the point that I understand we will follow a period of grieving with one of intense anger. I think it is important for leaders in the community, and members of parliament for that matter, to hold their judgment until the evidence is adduced. When the evidence is there, we need to take action, not only to bring the perpetrators to justice but to ensure that our countries have the relationships with each other that enable us, as best we can in this uncertain

world, to prevent further terrorist action. In closing, I extend my condolences to all those who have lost loved ones or who have loved ones who are missing, in their period of extreme grief.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.16 p.m.)—When significant or tragic events occur, many of us recall where we were when we first heard what happened. For instance, on 31 August 1997, many people remember when Diana, Princess of Wales, was involved in a car accident while being chased by paparazzi, and her subsequent death. On September 11 last year, when planes in the United States were hijacked and crashed into the World Trade Centre towers, many of us recall exactly where we were when we heard that terrible news. On 12 October this year—it was a Sunday morning—I had a phone call on behalf of constituents, at about 8.30 a.m. This person was ringing on behalf of my constituents who had two daughters on holiday in Bali, asking what arrangements were being made to evacuate them from what had become a hellhole. Although I had read four papers that morning, the papers had clearly gone to print before the bombs went off in Bali. I had to find out the facts, and I want to say that the office of the Minister for Foreign Affairs and the Department of Foreign Affairs and Trade were both very helpful. Fortunately, the family involved were able to have their daughter returned by Qantas to the Sunshine Coast, and they are now recuperating at home. No doubt Robert and Janet Munn were pleased that they received a phone call at 1.30 on Sunday morning from their daughters. But, tragically, many others have still not heard from their loved ones and may well not hear from them in the future. There are also tales of near escapes: Alistair and Geraldine McGregor, newly arrived residents from Zimbabwe to the Sunshine Coast, had a relative, Mrs McGregor's brother Graeme Thorn, who worked in Indonesia and who was in a taxi on his way to the Sari Club when he was stopped at a roadblock. He thought that an earthquake had occurred. Had he been 10 minutes earlier, he could well have been one of the casualties.

There are unforgettable events in history, and we always have to learn from what goes before. October 12, 2002 was referred to by an international media outlet as 'Australia's September 11', and I fear that it will be remembered as Australia's blackest day since the Second World War. I join with the Prime Minister and other honourable members in support of this bipartisan motion—a motion that expresses outrage and condemnation at the barbaric terrorist bombings of 12 October in Bali. It is a motion that extends its deepest, heartfelt sympathy to the families and loved ones of those Australians killed, missing or injured in this brutal and despicable attack. It is a motion that offers its condolences to the families and friends of Indonesians and citizens of other countries who have been killed or injured. It is a motion that condemns those who employ terror and indiscriminate violence against innocent people. It is a motion that commits the government of Australia to working with the Indonesian government and others to bring those who are guilty of this horrendous crime to justice and also to bring to justice those who harbour and support them. Most importantly, I support this motion which reaffirms Australia's commitment to continuing the war against terrorism in our region and in the rest of the world.

The attack on Bali is an outrage and a tragedy to all Australians. We do not as yet know the final death toll. I have heard reports that at this stage 30 Australians have been identified as having lost their lives, that some 183 people have been confirmed as dead, that at least 196 injured Australians have been evacuated—many in a critical condition—and that about 180 Australians remain unaccounted for. These figures might not now be entirely relevant, because no doubt they change as the minutes and the hours pass. We can only pray for the in-

jured, pray for the missing persons, pray for those who have been lost and pray for their families and loved ones at a time like this.

The reports that I heard out of Bali were beyond anything that I could contemplate: the absolute horror that occurred, the stories that unfold—stories of tragedy, stories of bravery, stories of selflessness. While this undoubtedly was one of the most heinous crimes to ever be committed, it is amazing how, when something like this happens, people work together. They risk their own lives; they seek to help others. We can in effect take pride in how so many people had such little regard for their own safety in their desperate attempt to save other people who were in the Sari Club—other people who were at risk of losing their lives.

Like many other honourable members, I have a family. I cannot even imagine the agony of waiting for the news if it were my son, daughter or other family member who was missing and possibly presumed dead. Of course, many people would have had a high level of expectation of hearing positive news on the morning on Sunday, 12 October. As the hours passed, the hopes would have dimmed and the desperation would have grown. I felt enormously proud of how we as Australians joined together to extend our sympathy and our prayers to those people who lost so many members of their family, friends and other loved ones.

I have to say that the way the parliament operated on Monday and Tuesday was entirely appropriate. We put aside the combat that happens in the chambers of this place and we came together in an act of unity. All Australians were stunned by the magnitude of this horror. All Australians were appalled. In times of national tragedy, we tend to appreciate that, as citizens in our community, there are more things that bring us together than actually divide us. I was very humbled to be part of this parliament on Monday and Tuesday of this week.

It is a time when the nation needs to work together to support the victims' families and to ensure that this kind of horrendous act does not happen again. While it is only a small thing, I have established a condolence register in my office where many locals will want to mourn the victims and pay their respects to those people who have lost their lives. They may want to congratulate the rescue workers who, working under extraordinarily difficult circumstances, helped to keep the loss to even the horrendous levels we have seen reported. People may also wish to reflect on the tragedy through poem or prayer. Enormous contributions have come from so many people and organisations. We have to acknowledge the countless acts of generosity from Australians everywhere.

Sunday is an important day for us. Some of us are religious and some of us are not, and this Sunday has been allocated as a national day of mourning. I want to encourage those who go to places of worship on Sunday to participate as part of a community outpouring on this national day of mourning. It will be an opportunity for people to give thanks for the lives of the innocent people who were lost; it will be a chance for us to pass on our best wishes and sympathy to the families and friends of those who have gone or who have been grievously injured. I want to encourage people to go to church services. My understanding is that on the Sunshine Coast local churches are having special memorial services and there will be community gatherings. I would encourage those who are not practising a religion to reflect in their own way on Sunday, either privately or together with others. I do not believe the magnitude of this loss has fully sunk in to our Australian community.

As the days pass and as we grieve our loss, we have a right to feel a sense of deep anger and very strong determination to do everything we as a nation and as a community can to bring to justice those who are responsible for this crime. We owe it to those who have died, we owe it to those who have been injured and we owe it to ourselves. I suppose we have been fortunate in Australia because we do not have a culture of violence in this country. Many

other countries have daily tragedies—maybe not of this magnitude—and people in those countries expect to wake up and read about some sort of cataclysmic event.

The war on terrorism must go on in an uncompromising and unconditional fashion. Putting our heads in the sand and hoping terrorism will go away is not a solution. As the Prime Minister has said, terrorism is not dispensed according to a hierarchy of disdain, and anyone who thinks this does not understand history. We are dealing with people and organisations who have no respect for human lives or human values. They do not care whom they kill, and it is impossible to guess who or what will be their next target. Let us just make sure that nobody has an opportunity to mark another day in history that we will remember forever—like 12 October and 11 September—through reckless terrorism attacks. I feel particularly moved to be able to join in support of the motion proposed by the Prime Minister and seconded by the Leader of the Opposition.

Ms GRIERSON (Newcastle) (7.29 p.m.)—I join my colleagues in registering my deepest condolences to all those involved in the dreadful events that occurred in Bali last weekend. To the loved ones of those who were killed, I am deeply sorry. To those who remain with the terrible anxiety of not knowing the fate of their family member or friend, we here wish we could ease your pain. And to the survivors now home in Australia, we are glad you have returned and we express our sincere hope for your complete physical and emotional healing.

To those traumatised by what they experienced in Bali, by what they had to do and by what they could not do, we offer our commitment to provide ongoing support. To our young Australians, we are sorry at the loss of innocence that this experience has caused, but we are very proud of the Australian spirit you and others displayed in Bali. We admire the many examples of courage and bravery in this case of terrible adversity. That your thoughts were to help strangers and your mates makes us very proud. To those who have survived, like Leah Lee from my electorate in Newcastle, we are pleased that you can continue to live your life with us and hope some normalcy will return for you soon, as hard as that may be.

This terrible act of destruction and evil impacts greatly on all Australians, so it is very important that grief is openly expressed. Pain needs to be shared. We do not want our survivors and their loved ones, or the loved ones of those who were killed, to suffer trauma and pain forever. We have seen that too often with our veterans of war. Our national day of mourning on Sunday will be an important step in our collective grieving, and ongoing counselling will also be essential. I congratulate the Hunter Area Health Service in my region and the state member for Newcastle, Bryce Gaudry, who made counselling services available in Newcastle only hours after learning of the Bali disaster. That typifies the strength and compassion of the city I represent.

This deliberate act of mass destruction so close to our shores in a place so many Australians associate with happiness and fun is a shocking example to us of the violence and horror of terrorism. If there is anything positive to come from this tragedy, it comes from seeing the response of our medical services, emergency agencies and defence personnel. Their commitment, compassion and organisational skills and the quality of the services they provide make us all grateful to live in this country. At this time of immense need, we truly appreciate the fact that we do live in such a country—a country that has an ethos of public and community service. We are grateful that we have well-trained doctors and nurses, efficient emergency and relief workers and organisations and a very professional and capable Defence Force trained to cope with all eventualities. We are also grateful for a parliamentary democracy where all parties can work together for community strength and stability. We are now supremely grateful for our aviation capabilities and our communication and information systems.

We now know that the real wealth of this country is our people, their amazing spirit and the strength of our social infrastructure. Here in parliament we must be mindful of our role in protecting those things. I would like to read from a speech I made in this chamber on 18 September, during the Iraq debate, which I think is very relevant. At that time I said:

Noting the Australian casualties of September 11, we are reminded that we do live in a global village. Globalisation sees Australians living, travelling and working in many different parts of the world.

I also said:

... it is also important to consider what Australia's role should be in contributing to international security and peace.

And:

... the greatest contribution we can make to world peace and stability is support for security and stability in our own region—the Pacific and South-East Asian region. This is an area of foreign affairs I think this nation has been neglecting.

We need to ensure we have exemplary joint programs and programs of exchange in education, diplomacy, culture, sport, the arts, trade agreements, aid programs and our treaties. Through these programs, we can foster mutual respect, tolerance and understanding and further strengthen friendships with our near neighbours. We do not need to look far to find internal conflicts in our region that threaten peace and security. The Solomons, Fiji, the Philippines, Bougainville, East Timor and Indonesia all experience some instability and internal conflict. There is much for us to do.

Now, sadly, we know that there is indeed much we must do. It will never be possible to build walls high enough to protect us from the world. Protectionism will not work. We need to secure our nation by keeping our institutions and services strong, but we also need to strengthen our cooperative relationships with our neighbours in our own region. The Leader of the Opposition's call for a regional summit against terrorism is a strong endeavour that should be supported. The perpetrators of this terrible and tragic event showed no respect for the people of Bali nor concern for their economic and human loss. It is important that we support and encourage efforts by Indonesia to be more responsive to the threat of terrorism from extremist groups that pose a real threat to regional stability.

Terrorism has visited us now, but it is not yet entrenched. Terrorism can be defeated and terrorists can be marginalised and deterred. Unfortunately, we now more closely appreciate the threat of terrorism and the horror and suffering it brings. We all dearly regret the loss of life and sorely regret that those lives and that innocence lost cannot be brought back, but the memory of those who have experienced this tragedy and their suffering must be honoured. I welcome any measure by this parliament to appropriately pay homage to those involved in the Bali catastrophe.

Debate (on motion by **Mrs Hull**) adjourned.

Main Committee adjourned at 7.35 p.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Electoral Rolls: Electors (Question No. 475)

Mr McMullan asked the Minister representing the Special Minister of State, upon notice, on 5 June 2002:

- (1) How many electors are listed on the electoral rolls for the divisions of (a) Fraser, (b) Solomon, (c) Moore, (d) Blair, (e) Reid and (f) Denison.
- (2) How many Australian Electoral Commission staff are allocated to the divisional offices to provide services to those electors.
- (3) What additional resources are made available to divisional offices with substantially more enrolments to assist them with the task of servicing electors.

Mr Abbott—The Minister representing the Special Minister of State has provided the following answer to the honourable member's question:

- (1) The enrolment for the divisions you identified as at 28 June 2002 was:

(a)	Fraser	111,175
(b)	Solomon	52,883
(c)	Moore	74,128
(d)	Blair	76,976
(e)	Reid	76,102
(f)	Denison	68,047

- (2) All divisions generally have three ongoing staff. However there are times when staff numbers are less pending filling of vacancies, due to periods of leave or due to temporary absences or transfers.
- (3) In managing the workload of the different divisions, a number of things are considered when deciding on whether to fill on a temporary basis or allocate additional resources. These include the number of enrolment transactions, complexity of enrolment transactions and diversity of the local community. That decision is a matter for the Australian Electoral Officer for the relevant state or territory. All divisions are provided with separate allocations of temporary staff to support the roll review process called Continuous Roll Update (CRU). Divisions receive allocations based on workload, eg. number of letters posted and the degree of processing difficulty.

Workplace Relations: Industrial Disputes (Question No. 787)

Mr Bevis asked the Minister for Employment and Workplace Relations, upon notice, on 20 August 2002:

- (1) How many industrial relations disputes have been brought by employees of his Department against the employer.
- (2) How many disputes have been brought by employees engaged directly by the Industrial Registrar.
- (3) Of those, how many employees engaged by the Registrar are attached to a President, Deputy President or Commissioner of the Industrial Relations Commission.
- (4) What were the dates of filing for each of those disputes.
- (5) For each of those disputes, was it the subject of mediation, conciliation or arbitration.
- (6) What were the findings or agreements reached in each case.
- (7) In each case, has counselling been provided to either the employee who brought the case or his or her superior.
- (8) What programs exist within his Department and within the Registry to ensure good personnel practices are adhered to by those in authority in his Department or the Registry.

Mr Abbott—The answer to the honourable member's question is as follows:

- (1) For the period 1 July 2001 to 26 August 2002, there have been two such instances.
- (2) For the period 1 July 2001 to 26 August 2002, there has been one such instance.
- (3) One.

- (4) For the Department of Employment and Workplace Relations, employees filed disputes on September 17, 2001 and March 25, 2002.
For employees engaged directly by the Industrial Registrar, the employee filed a dispute on June 7, 2002.
- (5) For the Department of Employment and Workplace Relations, the disputes are being settled through conciliation.
For employees engaged directly by the Industrial Registrar, the dispute was settled through conciliation.
- (6) The disputes filed against the Department of Employment and Workplace Relations are proceeding through conciliation conferences but are unresolved at the present time.
The dispute filed by an employee of the Industrial Registrar was settled by way of confidential agreement of the parties.
- (7) No.
- (8) The Department of Employment and Workplace Relations DEWRSB Agency Agreement 2000-2003 and Australian Workplace Agreements provide the framework for a strong culture of high performance, trust and communication between the employer and employees.
The agreements are supported by a number of principles based guides and policies, that are readily accessible to employees and managers through its intranet site, which reinforce the principles of better people management. These include guides for managing breaches of the code of conduct, review of actions, occupational health and safety matters, whistleblowing, gifting, outside engagement, e-mail and internet usage and specific guides on exercising delegations fairly and appropriately.
The department also has a People and Leadership Statement which outlines its priorities for people management in the next three to five years. It has in place a Workplace Diversity Strategy and, specifically, an Australian Indigenous Recruitment and Career Development Strategy and Disability Plan.
Managers are regularly updated on their responsibilities. This is supported by supervision, middle management and leadership development programmes.
The department has a robust and effective performance management system in place for its entire staff with clear accountabilities for effective people management practices and adherence to the APS values and departmental values.
The Registry has a number of avenues for ensuring there are effective and openly accountable personnel practices in operation in relation to its employees.
Firstly, the Australian Industrial Registry (Continuing Change) Agreement 2002 (the Agreement), among many other matters, provides an agreed employer/employee operational framework with a 'focus on quality people management strategies, including the establishment of a high trust culture ... a commitment to open communications, and a Team and individual-based feedback system within and between Registry Teams...'.
Clause 9.11 of the Agreement provides further details about how the Registry will 'work together', how consultation and communication is to take place, and where there might be a disagreement how the parties will work together to resolve the matter.
At the Team and individual level, the Registry has constructed its performance management arrangements directly in line with the APS Values contained at section 10 of the Public Service Act 1999.
The Registry has a number of corporate policies and guidelines to specifically address and support personnel management issues - such guidelines have been promulgated as People & Planning Advices and deal with such matters as:
- occupational health and safety
 - the Registry's Employee Assistance Program
 - whistleblowing
 - rehabilitation/return to work (both for compensable and non-compensable cases)
 - procedures for determining breaches of The APS Code of Conduct
 - review of actions (pursuant to section 33 of the PS Act).

The Registry also has a Workplace Diversity Program as required by s.18 of the Public Service Act 1999, an Occupational Health and Safety Agreement as required by s.16 of the Occupational Health and Safety (Commonwealth Employment) Act 1991 and a range of strategies (although not in single specific documents) relating to operational considerations such as information management and technology, training and development, etc.

The Registry's Intranet also contains a significant range of materials from which both managers and employees can draw guidance in relation to performance management.

Internally, each Team and individual performance Plan is evaluated at mid-year and at the financial year's end - 30 June. Team Plan evaluations are forwarded to the Industrial Registrar for review and subsequently placed on the Registry Intranet for the information of and comment by all Registry employees.

Team managers also subject themselves to 360 degree feedback from their staff, as well as extensive external evaluation of service provision.

**Environment: Natural Heritage Trust
(Question No. 788)**

Mrs Crosio asked the Minister for the Environment and Heritage, upon notice, on 20 August 2002:

- (1) What were the successful applications for Natural Heritage Trust funding projects located entirely or partially within the electoral divisions of (a) Prospect, (b) Chifley, (c) Fowler, (d) Reid, (e) Blaxland, (f) Macarthur, (g) Werriwa, (h) Parramatta, (i) Lindsay, (j) Greenway, (k) Mitchell and (l) Macquarie.
- (2) Do recent figures released by Environment Australia show that since 1996 the electoral division of Prospect has only received \$45,050 in funding while the neighbouring electoral division of Parramatta has received \$575,454; if so, what is the reason for the difference.

Dr Kemp—The answer to the honourable member's question is as follows:

- (1) Tables showing funding for successful projects located entirely or partially within the electoral divisions of (a) Prospect, (b) Chifley, (c) Fowler, (d) Reid, (e) Blaxland, (f) Macarthur, (g) Werriwa, (h) Parramatta, (i) Lindsay, (j) Greenway, (k) Mitchell and (l) Macquarie are attached (Attachment A). It should be noted that these projects may also be partially within electorate divisions other than the 12 specified electorates.
- (2) Yes. Data from my Department, based on information provided by proponents, indicates that funding under the Natural Heritage Trust for projects located solely within the electorates of Prospect and Parramatta was \$45,050 and \$514,734 respectively.

Trust applications are assessed on the basis of merit without reference to electorate detail. The nature of the Natural Heritage Trust is such that applications received from neighbouring areas can vary substantially in quantity, quality and in the relative priority of the natural resource management issue each proposal addresses. Trust applications are assessed and prioritised by State Assessment Panels. These panels are each chaired by a community representative and have a majority of community members. The State Assessment Panel recommendations are forwarded to the Commonwealth, with the final decision made by the Minister for the Environment and Heritage and/or Minister for Agriculture, Fisheries and Forestry. The projects approved within the electorates of Prospect and Parramatta went through this process with the State Assessment Panel recommending each of them.

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Attachment A

Location data indicates that the following projects are located entirely or partial within 12 electoral divisions of Sydney—September 2002

Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoralates projects are entirely or partially located within
Cynanchum elegans Recovery Plan	National Parks and Wildlife Service	\$31,806						Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa Macarthur Werriwa
Vulnerable Native Vegetation Management Plan Stage One	Campbelltown City Council	\$15,000						
Greener Sydney 2000 1995-96 to 1997-98	Greening Australia NSW Inc.		\$50,000					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Grevillea obtusifolia ssp. obtusifolia Recovery Plan (preparation)	National Parks and Wildlife Service		\$12,000					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Eucalyptus benthamii, Eucalyptus sp.55 and E. copulans Survey	National Parks and Wildlife Service		\$17,000	\$18,500				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Natural Temperate Grasslands in the Southern Tablelands (NSW) Recovery Plan	National Parks and Wildlife Service	\$56,875	\$58,750	\$58,000				Macquarie
Epacris hamiltonii Recovery Plan	National Parks and Wildlife Service	\$6,000	\$4,000	\$4,000				Macquarie
Microtis angusii Recovery Plan (preparation)	National Parks and Wildlife Service		\$7,300					Blaxland Mitchell Parramatta Reid
Filling the Gaps	The Men of the Trees NSW Inc		\$55,120	\$15,373	\$55,240	\$39,867		Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoralates projects are entirely or partially located within
Wallacia Riverine Rehabilitation Project	Wallacia Riverine and Landcare Group		\$32,522	\$36,142	\$36,142			Lindsay
Roofs for Revegetation	Hawkesbury - Nepean Catchment Management Trust		\$49,906	\$39,424	\$50,045			Chifley Greenway Lindsay Macarthur Macquarie Mitchell Prospect Werriwa
Greenhouse Parks Program	Hawkesbury - Nepean Catchment Management Trust		\$61,864	\$31,658	\$47,828	\$48,824		Chifley Greenway Lindsay Macarthur Macquarie Mitchell Prospect Werriwa
Currency Creek Vegetation Management Plan - Stage 2	Hawkesbury City Council		\$3,600					Macquarie
West Pennant Hills Blue Gum High Forest Rescue	Baulkham Hills Shire Council		\$1,200	\$1,125	\$1,125			Mitchell
Argyle Bailey Reserve Regeneration Project	Hawkesbury City Council		\$7,000					Macquarie
The Mulgoa Creek Bridge to Bridge Regeneration Project	The Mulgoa Valley Landcare Group		\$38,810	\$15,038	\$27,770			Lindsay
Wildplant Rescue - Project Support and Arresting Understorey Decline	Blue Mountains Wildplant Rescue Service		\$23,841	\$26,000	\$23,759			Macquarie
Conservation of School Remnant Bushland	The Hills Grammar School		\$1,000					Mitchell
Duck River Bushland Reserve Regeneration Project	Friends of the Duck River Bushland Reserve		\$5,650					Reid
Wilberforce Community Nursery Upgrade Project	Hawkesbury City Council		\$20,000					Macquarie
Sustainable Intensive Horticulture in the Sydney Basin	NSW Agriculture		\$41,165	\$84,582	\$87,021	\$44,483		Fowler Greenway

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Urban Landcare Facilitator	Department of Land and Water Conservation		\$72,326	\$74,150	\$15,694	\$63,700		Macquarie
Water Quality Management in Upper Parramatta River Catchment	Upper Parramatta River Catchment Trust		\$12,500					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Berowra Waters Streamwatch Program	Berowra Waters Progress Association		\$7,250	\$7,713				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Catchment Criteria Demands Better Hawkesbury Nepean Land-Use Planning	Hawkesbury - Nepean Catchment Management Trust	\$4,725	\$59,075					Lindsay Macquarie
Hawkesbury-Nepean Catchment Streamwatch Project Officer	Hawkesbury-Nepean Catchment Management Trust		\$20,000	\$25,000	\$25,000	\$25,000		Macquarie
Upper Parramatta River Catchment Water Quality (Education) Management	Upper Parramatta River Catchment Trust		\$7,500					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Streamwatch Coordinator Illawarra Catchment	Sydney Water		\$20,000	\$20,000	\$20,000	\$20,000		Macarthur Werriwa
Hawkesbury-Nepean Catchment Streamwatch Coordinator	Hawkesbury-Nepean Catchment Management Trust		\$20,000	\$25,000	\$25,000	\$25,000		Macquarie
Sydney Harbour Streamwatch Congress	Sydney Water Streamwatch		\$5,000					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoral projects are entirely or partially located within
Biodiversity study of the Upper Parramatta River catchment	Upper Parramatta River Catchment Trust		\$14,400	\$14,400	\$14,400			Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Video: "Micro Creatures of Estuaries"	Berowra Waters Progress Association Streamwater Gr		\$8,150					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Hawkesbury-Nepean Catchment Community, Companies and Creeks Project (Part-time)	Hawkesbury-Nepean Catchment Management Trust		\$15,000					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Community monitoring of Pollution Sources for Lake Parramatta	Upper Parramatta River Catchment Trust		\$7,300	\$4,700				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Development of Wetland Management Plans with Community Consultation - Hawkesbury-Nepean Catchment	Hawkesbury - Nepean Catchment Management Trust		\$15,400					Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
InteLife Revegetation and Runoff Reduction Project	Sydney City Mission-InteLife		\$32,500	\$44,000	\$19,000			Macquarie
South Creek West Bank Riparian Zone Restoration Project	Hawkesbury - Nepean Catchment Management Trust		\$16,383					Macquarie
Hawkesbury-Nepean Regional Environmental Monitoring and Assessment	Hawkesbury - Nepean Catchment Management Trust		\$65,550	\$49,450	\$35,073	\$34,627		Lindsay Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Hawkesbury-Nepean Riverbank Management Program	Management Trust		\$152,840	\$150,000	\$118,080	\$32,000		Macquarie
Catchment Geomorphological Assessment Framework	Hawkesbury - Nepean Catchment Management Trust		\$40,500	\$4,500	\$40,500			Lindsay Macquarie
Ecology of the Maroota Sandmass and Environs	Hawkesbury - Nepean Catchment Management Trust		\$39,100					Macquarie
Integrated Urban Stormwater Management Systems	Hawkesbury - Nepean Catchment Management Trust		\$42,500	\$5,000				Macquarie
Voluntary Code of Practice for Living Near the Bush (draft)	Blue Mountains Conservation Society		\$12,482					Macquarie
Blue Mountains Bushcare Program	Blue Mountains Bushcare Network		\$68,423					Macquarie
Rehabilitation of Degraded Creekline in Else-Mitchell Park (Stage 2)	Else-Mitchell Park Landcare Group		\$10,044					Macquarie
Soil Information for Hawkesbury Nepean Catchment Management Decisions	Department of Land and Water Conservation		\$129,051	\$4,711	\$176,226	\$214,176		Lindsay Macquarie
Urban Development Issues (Sitewise) Project	Department of Land and Water Conservation		\$69,100		\$39,200			Lindsay Macquarie
Noureen - Working with Nature Achieving Ecological Sustainability	Carolyn and John Low		\$5,547					Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Hawkesbury Earthcare Water Conservation and Management Project	Henry Doubleday Research Association of Australia		\$5,790	\$2,000				Macquarie
Management of Recreational Water Quality in the Hawkesbury Nepean	Hawkesbury - Nepean Catchment Management Trust		\$78,421					Blaxland Chifley Fowler Greenway Lindsay Macquarie Mitchell Parramatta Prospect Reid Werriwa
A Practical TCM Approach to Stormwater Management in Catchment Creek	Integrated Upper Nepean Catchment Management Committee		\$115,268	\$156,082	\$132,602	\$57,924		Macquarie
Storm Water Runoff: Sustainable and Pollutant Management	Blacktown City Council		\$89,065					Greenway
Blue Mountains Water Skink Recovery Plan (preparation)	National Parks and Wildlife Service			\$15,750				Macquarie
Joint Regional Biodiversity Survey of Grassy Ecosystems Stage 2	National Parks and Wildlife Service			\$75,613	\$114,000	\$80,000		Macquarie Werriwa
Restore Native Riparian Vegetation Sackville Reach Hawkesbury River	Currency Creek Landcare Group Inc.			\$10,350	\$1,390	\$2,090		Macquarie
Riparian Corridor Restoration for Sustainable Agriculture Biodiversity and Ecological Function	Richmond Riparian Management Landcare			\$11,830	\$11,922	\$6,603		Macquarie
Spring Farm Cumberland Plain Woodland Community Restoration Project	Narellan Landcare Group			\$20,000				Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoralates projects are entirely or partially located within
Continue to Revegetate the Historic Bronte	Bronte Landcare Group			\$10,000	\$9,996			Macquarie
Castle Hill Heritage Park Heritage Protection and Weed Removal	Castle Hill Rotary Club Heritage Park Subcommittee Baulkham Hills Shire			\$7,000				Mitchell
Rural Land Modification Awareness Project	Hornsby Shire Council			\$9,000				Blaxland Mitchell Parramatta Reid
Environmental Education and Audit Program for Hornsby Creek	Hornsby Shire Council			\$48,375				Blaxland Mitchell Parramatta Reid
Preservation of Remnant Dry Forest	Schlerophyll Marian College Kenhurst			\$2,900				Mitchell
Cumberland Plain Vegetation Corridors Project	Greening Australia NSW Inc.			\$46,700	\$50,688			Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Penrith Riverbank Restoration Project	Centre for Integrated Catchment Management, University of Western Sydney			\$61,000				Lindsay
A Decision Support Framework for Stormwater Management Investment	Hawkesbury - Nepean Catchment Management Trust			\$98,335				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Community led Revegetation and Re-planting of Cumberland Plain Woodland Bush Reserve	The Friends of Knudsen Reserve Bushcare Group Woodland Inc.			\$9,408				Greenway
Hawkesbury Community Nursery Support Project	Hawkesbury City Council			\$19,000				Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoralates projects are entirely or partially located within
Regeneration and Awareness of the Vegetation along Ropes Creek	Lions Clubs of Australia Inc.			\$15,200				Lindsay
Berowra Creek Water Quality Database	Berowra Catchment Management Committee			\$14,000	\$2,500	\$2,700		Blaxland Mitchell Parramatta Reid
Development and Implementation of Hawkesbury Nepean Catchment Management Strategy (NLP)	Hawkesbury - Nepean Catchment Management Trust			\$87,500				Chifley Greenway Lindsay Macarthur Macquarie Mitchell Prospect Werriwa
Glenbrook Creek Catchment Management Plan	Blue Mountains Catchment Management Committee (BMCMC)			\$20,000				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Urban TCM Community Awareness	Urban Catchment Management Committees			\$66,200				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Riverbank Revegetation in the Penrith Area Management Coordination and Training	Department of Land and Water Conservation			\$14,550	\$17,500	\$2,301	\$12,300	Lindsay
Richmond Water Reuse Project	Clean Up Australia Ltd and the Centre for Integrated Catchment Management-UWS			\$196,000	\$221,000	\$206,000		Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Heritage Park Restoration Project	Australian Plant Society - Hawkesbury			\$18,500	\$13,778	\$24,722		Macquarie

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Hunter and Central Coast Regional NREM Support System (NLP)	Hunter Catchment Management Trust			\$90,000				Macquarie
Regional Environmental Monitoring and Reporting Project	Lower Hunter & Central Regional Environmental Management Strategy			\$52,940				Macquarie
Hunter Region River Action Plan	Hunter Catchment Management Trust			\$69,595	\$35,500	\$31,445	\$72,250	Macquarie
River Action Plans for Community Groups - Hunter and Central Coast	Hunter Catchment Management Trust			\$56,095	\$28,048	\$28,047		Macquarie
Restoration and Preservation of Greystanes Creek Remnant Cumberland Plain and Floodplain Vegetation	Greystanes Creek Management Committee			\$22,767	\$22,767	\$22,767		Parramatta
Bush Regeneration at Former Poultry Research Station	Grantham Friends of Grantham			\$5,278	\$4,408			Greenway
Restoration and Revegetation of the Lower Darling Mills Creek Northmead and North Rocks	Upper Parramatta River Catchment Trust			\$4,500	\$4,500	\$4,500		Parramatta
Streamwatch Coordinator for Upper Parramatta River Catchment Trust	Upper Parramatta River Catchment Trust			\$20,000	\$25,000	\$25,000		Mitchell
Mason Park Wetlands	Strathfield Municipal Council			\$47,125	\$18,233			Reid

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Restoration of the Native Vegetation in a Section of Vineyard Creek Reserve	Vineyard Creek Reserve Committee			\$9,162	\$8,000			Parramatta
Duck River Bushland Regeneration Project	Friends of the Duck River Bushland Reserve			\$7,504	\$6,844	\$5,444		Reid
Riparian Restoration Duck River Catchment	Duck River Restoration Collective			\$10,000	\$1,856			Parramatta
Bush Regeneration Project Quarry Branch Creek South	Quarry Branch (South) Bushcare Committee			\$6,560				Mitchell
Restoration of Bushland Creek and Old Toongabbie	Toongabbie Parramatta City Council			\$24,000	\$6,000	\$10,000	\$4,000	Parramatta
Regional Arrangements for the Sydney Harbour Regional Organisation (NLP)	Sydney Harbour Regional Organisation			\$80,000				Blaxland Mitchell Parramatta Reid
Greenhouse Parks Program Illawarra	Sydney and Illawarra Regional Organisations and Catchment Management Committee			\$54,400	\$66,720	\$73,000		Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Water Quality Improvement	Liverpool City Council			\$48,000				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Brickmakers Creek Restoration and Rehabilitation	Liverpool City Council			\$81,950	\$21,100			Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Capacity Building in the Southern Sydney Regional Organisation (NLP)	Southern Sydney Regional Organisation (NREM Funding)			\$80,000				Blaxland Mitchell Parramatta Reid
Brisbane Water and Gosford Lagoons Catchment Plan	Brisbane Water and Gosford Lagoons Catchment Management Committee			\$21,000		\$5,000		Macquarie
Coastal biodiversity, climate change and state of the environment	Centre for Research on Ecological Impacts of Coastal Cities			\$57,200	\$47,200			Blaxland Macquarie Mitchell Parramatta Reid
Regional Arrangements for the Sydney Harbour Regional Organisation (NVI)	Sydney Harbour Regional Organisation			\$50,000				Blaxland Mitchell Parramatta Reid
Capacity Building in the Southern Sydney Regional Organisation (NVI)	Southern Sydney Regional Organisation (NREM Funding)			\$50,000				Blaxland Mitchell Parramatta Reid
Development and Implementation of Hawkesbury Nepean Catchment Management Strategy (NVI)	Hawkesbury - Nepean Catchment Management Trust			\$50,000				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
N222 - Acquisition of Cumberland Plain Woodland for addition to Mulgoa Nature Reserve	NSW National Parks and Wildlife Service			\$652,750				Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Rehabilitation of Remnant Endangered Ecological Communities at Rossmore Grange	Rossmore Grange Management Committee				\$16,700	\$12,700		Macarthur

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Protecting Enhancing Riparian Corridors to Link the Nepean and Georges River Catchments	Menangle Creek Landcare Group				\$19,000	\$14,500		Macarthur
Currency Creek Education and Awareness Programme	Currency Creek Landcare Group Inc.				\$2,100	\$2,100		Macquarie
Restoration Rehabilitation and Regeneration of Dr Charles McKay Native Bushland Reserve	Dr Charles McKay Reserve Park Committee				\$15,000			Chifley
Community Based Ecological Restoration of the Headwaters of Cattai Creek	Cattai Catchment Management Committee				\$7,040			Mitchell
Hawkesbury Nepean Peri-Urban Landcare Coordinator	Hawkesbury-Nepean Catchment Management Trust				\$55,900	\$36,629		Chifley Greenway Lindsay Macarthur Macquarie Mitchell Prospect Werriwa
Green Web Cumberland Plain Bushcare Devolved Grants Revegetation Program	South Creek Catchment Management Committee				\$200,000			Blaxland Mitchell Parramatta Reid
RAAF Memorial Park Community Awareness Bushland Revegetation Program	Blacktown City Council				\$15,000			Chifley Macquarie
Fairfield City Farm Cumberland Plains Woodland Reclamation	Friends of Fairfield City Farm				\$19,300			Macquarie
Bellbird Bend Coastal River Flat Forest Restoration Coopers and Toongabbie Creek Confluence	Parramatta City Council				\$23,500	\$18,000		Parramatta

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Ponds Creek Corridor Biodiversity Enhancement Blue Gum High Forest to Parramatta River	Coalition of Dundas Valley Bushcare Groups				\$99,900	\$80,700		Parramatta
Regeneration of Areas of High Conservation Significance in the West of Lake Parramatta Reserve	Parramatta City Council				\$15,950			Parramatta
Regeneration of Natural Forest and Access Tracks Definition Upper Vineyard Creek Reserve	Upper Vineyard Creek Reserve Committee				\$10,650	\$8,000		Mitchell
Streambank Stabilisation and Revegetation of Eastern Bank of Duck River Riparian Zone	Auburn Council				\$10,250			Reid
Domain Creek Restoration Project Parramatta Regional Park	Parramatta Regional Park Trust				\$76,750	\$45,115		Parramatta
Restoration and Rehabilitation of a Section of Cabramatta Creek Wetland	Fairfield Creeks and Wetlands Environment Strategy Group				\$13,770			Fowler
Coxs Creek Reserve Ecological Restoration	Strathfield Municipal Council				\$18,866	\$11,576		Blaxland
Hawkesbury-Nepean Regional Grants	Devolved Hawkesbury - Nepean Catchment Management Trust				\$50,000	\$30,000		Chifley
Southern Sydney Regional Grants	Devolved Southern Sydney Regional (Catchments) Coordinating Committee (SSRCC)				\$50,000	\$30,000		Blaxland Fowler Macarthur Prospect Reid Werriwa
Sydney Harbour Regional Grants	Devolved Department of Land and Water Conservation				\$50,000	\$30,000		Blaxland Greenway Mitchell Parramatta Prospect Reid

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electoralates projects are entirely or partially located within
Environmental Review and Education Program for the Agricultural Sector of the Camden LGA	Camden Council					\$20,000		Macarthur
Keep the Soil on the Site	Hawkesbury - Nepean Catchment Management Trust					\$93,000	\$10,980	Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Implementation of the Green Web Sydney Action Plan	Western Sydney Regional Organisation of Councils					\$311,000	\$214,200	Macarthur Macquarie Werriwa
Bridging the Cabramatta Creek	Mission Australia					\$16,900		Fowler
Development of a Demonstration Aggregated Information System for Southern Sydney Catchments	Riversinfo Australia					\$73,500		Blaxland Mitchell Parramatta Reid
Bringing the Avian Wildlife Back into Elouera Nature Reserve	Elouera Nature Reserve Committee					\$7,325		Fowler
Restoration and Invigoration of Cumberland Plain Woodland at Stockdale Reserve Abbotsbury	Fairfield Creeks and Wetlands Environment Strategy Group					\$17,500	\$5,300	Prospect
Richmond Catchment Community Education and Participation Program	Richmond Catchment Management Committee	\$6,887						Macquarie
Increasing Alligator Weed Management Options	Hawkesbury-Nepean Catchment Management Trust					\$136,900		Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Reducing the threat posed by invasive garden plants to biodiversity and bush regeneration in the Hawkesbury-Nepean (new Title:Discovering Alternatives to Garden Escapes - Stopping the Spread of Invasive Plants)	Nursery and Garden Industry of Australian					\$96,000		Macquarie
Management of Salinity in Western Sydney	Western Sydney Regional Organisation of Councils					\$77,000		Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Fish Habitat Restoration Project School Creek Canley Vale	Orphan Fairfield City Council						\$22,250	Prospect
Hawkesbury Nepean Peri Urban Landcare Coordinator	Hawkesbury-Nepean Catchment Management Trust						\$40,000	Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa
Nowhere Landcare Rehabilitation of Skeleton Rocks Reserve Hawkesbury River	Nowhere Landcare Incorporated						\$7,600	Macquarie
Moxey Farms Landcare and Environmental Management Strategy	Moxley Farms Pty Limited						\$7,000	Macquarie
Riverbank Management Program Implementation Phase	Catch- Hawkesbury-Nepean Catchment Management Trust						\$129,250	Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa

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Title	Organisation Name	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Electorates projects are entirely or partially located within
Management of Salinity in Western Sydney	Western Sydney Regional Organisation of Councils						\$95,400	Blaxland Chifley Fowler Greenway Lindsay Macarthur Macquarie Mitchell Parramatta Prospect Reid Werriwa

**Transport: Comcar Drivers
(Question No. 895)**

Mr Bevis asked the Minister representing the Special Minister of State, upon notice, on 29 August 2002:

- (1) How many (a) ongoing and (b) non-ongoing Comcar drivers are there in each capital city.
- (2) For each category referred to in part (1), how many drivers are employed in each capital city (a) under a collective agreement and (b) on an Australian Workplace Agreement (AWA).
- (3) During the winter adjournment of the Parliament, (a) how many casuals employed in each capital city under (i) a collective agreement and (ii) an AWA were offered employment, (b) what was the average number of hours worked by casuals in each capital city under (i) a collective agreement and (ii) an AWA and (c) how many hours of employment were worked by non-ongoing drivers in each capital city under (i) a collective agreement and (ii) an AWA.
- (4) Is information identifying which casual drivers are employed on a collective agreement or an AWA available to those staff who (a) decide which drivers are engaged and (b) allocate jobs to drivers; if so, in what way is it available.
- (5) Is there any advice or instruction within the Ministers Department to give preference of engagement to non-ongoing staff who are employed on AWAs; if so, what is it.
- (6) What guidelines are used to determine which non-ongoing staff are offered employment and how are those guidelines promulgated to both drivers and those who determine the engagement.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member's question:

(1)

	Canberra	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin
(a) Ongoing (Permanent)	11	7	13	5	4	5	1	0
(b) Non-ongoing (Casual)	115	30	16	5	5	6	0	0

(2)

	Canberra	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin
(a) Ongoing (Permanent)	1	2	5	2	0	3	0	0
Non-ongoing (Casual)*	81	4	6	5	0	6	0	0
(b) Ongoing (Permanent)	10	5	8	3	4	2	1	0
Non-ongoing (Casual)	47	28	10	0	5	1	0	0

(3)

	Canberra	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin
(a)(i) Non-ongoing (Casual)*	70	2	6	5	0	5	0	0
(a)(ii) Non-ongoing (Casual)*	40	28	10	0	5	1	0	0
(b)(i) Non-ongoing (Casual)	7.7	7.7	9.5	6.8	0	3.3	0	0
(b)(ii) Non-ongoing (Casual)	5.7	7.2	8.2	0	4.4	1.6	0	0
(c)(i)	Canberra	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin

Non-ongoing (Casual)*	1004.35	347.45	753.55	545.45	0	68.45	0	0
(c)(ii)	Canberra	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin
Non-ongoing (Casual)	1074.55	3999.20	1060.20	0	463.10	20.50	0	0

(4) (a) In all states, with the exception of the ACT, the use of non-ongoing drivers is determined by the Allocations officer. In the ACT, where there are many more non-ongoing drivers than in other regions, the Depot Supervisor is advised of operational requirements by the Allocations officer.

(b) No.

(5) No.

(6) Standard guidelines which determine the use of non-ongoing drivers include driver availability, fatigue management and cost effective use of resources to meet operational requirements.

*Non-ongoing (casual) drivers are employed under the APS Award 1998, not a collective agreement. The figures refer to casuals under that award.

**Environment: UNESCO Convention
(Question No. 910)**

Mr Latham asked the Minister for Foreign Affairs, upon notice, on 16 September 2002: Which States have become parties to the UNESCO Convention on the Protection of Underwater Cultural Heritage adopted on 2 November 2001.

Mr Downer—The answer to the honourable member's question is as follows:

At present, there are no States Parties to the UNESCO Convention on the Protection of Underwater Cultural Heritage.

**Environment: Australian Greenhouse Office
(Question No. 931)**

Mr Murphy asked the Minister for the Environment and Heritage, upon notice, on 18 September 2002:

- (1) Has he seen the recent report by the Environment: Australian Greenhouse Office that Australia would be worse off if it did not sign the Kyoto Protocol on greenhouse gas emissions.
- (2) Has he seen the report by Dr Clive Hamilton, Executive Director of the Australian Institute that, based on the recent report of the Environment: Australian Greenhouse Office, Australia's gross national product (GNP) would decline by 0.4% by 2010 if the Howard Government did not adhere to the Kyoto Protocol, whereas, if the Howard Government was to ratify the Kyoto Protocol, Australia's GNP will decline by only 0.33%.
- (3) Why will the Howard Government not immediately sign the Kyoto Protocol.

Dr Kemp—The answer to the honourable member's question is as follows:

- (1) The results contained in the reports on economic impacts of the Kyoto Protocol, undertaken by the Australian Bureau of Agriculture and Resource Economics and McKibbin Software Group have been misrepresented. Some of the modelling presented in the reports suggests a short-term economic cost for Australia in not ratifying the Kyoto Protocol; however, all the reports highlight that by ratifying we face costs that are inherently difficult to predict, but likely to be higher in the long run than the costs of not ratifying. This uncertainty is compounded by the fact that we don't yet know the nature of international climate change action post-2012.
- (2) Yes. Dr Hamilton has selectively quoted results from one set of modelling results, for one year. The modelling suggests the costs of ratifying are likely to be higher than not ratifying, in the long run.

It is the potential longer-term costs of ratification that the Government is concerned about. Any analysis of the longer-term costs of climate change action is inherently speculative. The best means of ensuring the basis for a cost effective response to climate change is to work towards a global response that includes participation by all major emitters of greenhouse gases.

The Government has recently announced a climate change agenda that will focus upon the longer term, covering not just the next few years, but a twenty to thirty year time horizon. The strategy is intended to ensure that Australia can continue to cut greenhouse emissions, while maintaining a strong, competitive economy. It will be developed over the coming months working with all levels of government, business and the community.

- (3) The Government has decided it is not in the national interest to ratify the Kyoto Protocol because under present arrangements, it does not provide an effective framework for addressing climate change.

The Government has consistently stressed that to be effective, a global response to climate change that includes participation by all major emitters of greenhouse gases is needed. The Kyoto Protocol will cover only about a quarter of global greenhouse gas emissions.

Even as a first step it does not provide a clear path towards developing countries' commitments. If Australia were to abandon our long expressed and clearly articulated requirement for a more comprehensive global response it would send a signal to investors that Australia was prepared to expose itself to binding legal commitments that could in the future impose costs not faced by neighbouring regional economies. For Australia this is not a trivial matter, given the significance to our economy of investment in greenhouse intensive industries such as natural gas, alumina and aluminium production, coal, paper and metals processing.

In addition, the nature of future obligations beyond the first commitment period of the Kyoto Protocol is unknown, and the US has indicated that it will not ratify

The Government will continue to develop and invest in domestic programs to meet the target agreed to at Kyoto of limiting greenhouse emissions to 108% of 1990 levels over the period 2008 – 2012. Australia is within striking distance of achieving this target.

Environment: Kyoto Protocol

(Question No. 932)

Mr Murphy asked the Minister for the Environment and Heritage, upon notice, on 18 September 2002:

- (1) Has he seen the report titled "Kyoto snub will hit economy: report" by Stephanie Peatling and John Garnaut on page 3 of *The Sydney Morning Herald* on 16 September 2002.
- (2) Did the Government release the report by the Australian Greenhouse Office on Friday, 13 September 2002 despite receiving it in April; if so, what was the reason for the five month delay.

Dr Kemp—The answer to the honourable member's question is as follows:

- (1) Yes.
- (2) The reports by the Australian Bureau of Agriculture and Resource Economics and the McKibbin Software Group on the potential costs to the Australian economy in ratifying the Kyoto Protocol and achieving our 108% emissions limitation target were received between April and July 2002. The reports were released once processes for interagency consideration had been completed. The Government is pleased to have the reports on the public record because they fully support the Government's assessment that it would not be in the national interest to ratify the Kyoto Protocol under present arrangements.