COMMONWEALTH OF AUSTRALIA

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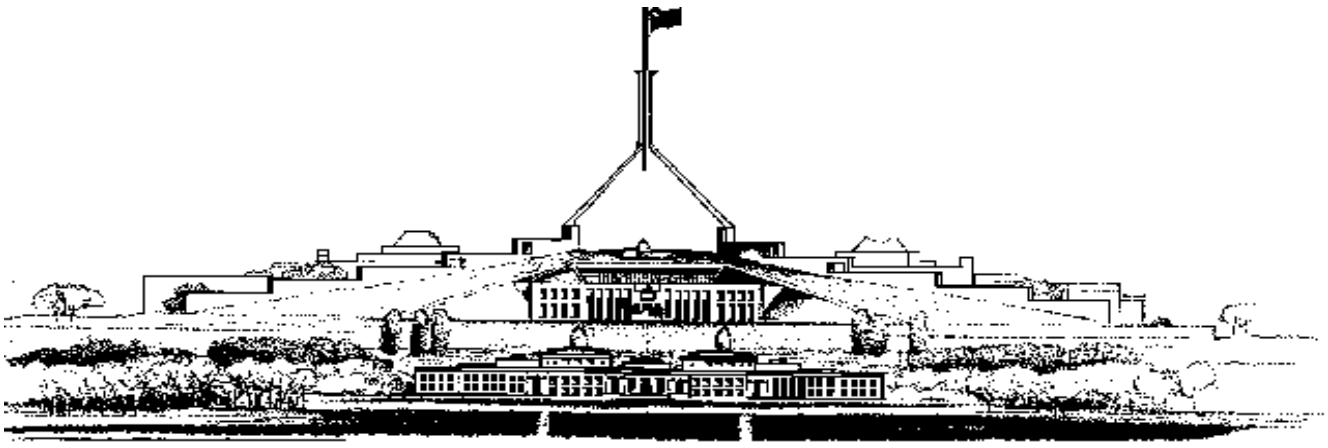

HOUSE OF REPRESENTATIVES

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THIRTY-NINTH PARLIAMENT
FIRST SESSION—TENTH PERIOD

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SITTING DAYS—2001

Month	Date
February	6, 7, 8, 26, 27, 28
March	1, 5, 6, 7, 8, 26, 27, 28, 29
April	2, 3, 4, 5
May	9, 10, 22, 23, 24
June	4, 5, 6, 7, 18, 19, 20, 21, 25, 26, 27, 28
August	6, 7, 8, 9, 20, 21, 22, 23, 27, 28, 29, 30
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October	22, 23, 24, 25, 29, 30, 31
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MELBOURNE	1026 AM
ADELAIDE	972 AM
PERTH	585 AM
HOBART	729 AM
DARWIN	102.5 FM

Tuesday, 18 September 2001

Mr SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

CONDOLENCES

Bell, Mr Robert John

Mr SPEAKER (2.02 p.m.)—I inform the House of the death on Thursday, 6 September 2001 of Mr Robert John Bell, a former senator. Robert Bell represented the state of Tasmania from 1990 to 1996. As a mark of respect to the memory of Robert Bell, I invite honourable members to rise in their places.

Honourable members having stood in their places—

Mr SPEAKER—I thank the House.

QUESTIONS WITHOUT NOTICE

Ansett Australia

Mr BEAZLEY (2.02 p.m.)—My question is to the Minister for Transport and Regional Services and Deputy Prime Minister. Minister, do you recall saying last Friday that you 'did not know of the diabolical mess that was emerging at Ansett'? Isn't it true that this letter from Air New Zealand to you and the Prime Minister over one month ago informed you of the 'extremely serious situation faced by the group and more particularly Ansett Australia'? Didn't this letter also state that the board was examining 'whether the group's liquidity position is sufficient to enable it to meet its obligations as they fall due'? Minister, given that you clearly did know about this diabolical mess, why have you misled Australians and done nothing about the threat to Ansett, its workers and regional Australia?

Mr ANDERSON—I thank the Leader of the Opposition for his question. I state at the outset that the demise of Ansett is deeply regrettable and that none of us are at all happy about the plight of its employees—except that this government is moving seriously to address their concerns in a way that the Leader of the Opposition's team have never sought to do in any way, shape or form. The government have known for quite some time, and we have been quite open about our knowledge of the fact—

Mr Crean—You have not.

Mr ANDERSON—Mr Speaker, is the member for Hotham interested in hearing the answer or not?

Mr Crean—Yes, I am.

Mr ANDERSON—He's just interested in playing the politics of the issue in the way that his leader has in recent days.

Mr Crean interjecting—

Mr ANDERSON—He has been out there with a big grin on his face—

Mr SPEAKER—The Deputy Prime Minister will address his remarks through the chair, and the Deputy Leader of the Opposition will exercise some restraint.

Mr ANDERSON—Mr Speaker, we have been quite open in acknowledging for quite some time, since we were approached in June, that this company needed recapitalisation. They had a model for that recapitalisation which they wanted us to support. Their CEO came to see me to lobby very hard for it, and I took this very seriously indeed. As a government we always supported the need for Ansett to be recapitalised. That was never in doubt. We formed a view on a possible viable option. I went to New Zealand to meet with the minister for finance over there, Dr Michael Cullen, and the minister for transport, and we agreed there on a process for handling what was obviously a serious situation. That process was that, under a special negotiator that he had appointed—a fellow by the name of Cameron—they would take forward both proposals, because Dr Cullen agreed with me that both the so-called Qantas option and the so-called Singapore option should be fully evaluated and tested. That was done. They were both taken forward. What I want to say is this: that letter—and I have a copy of it here; you quoted from it selectively—certainly came to us, and it again put very clearly to us the view of Air New Zealand that we should support the so-called Singapore option. Nothing that we did at any stage delayed or stalled the process that was in place by which the New Zealand government was to make a decision on the best option for recapitalising Air New Zealand by the time that they reported their financials, which was to have been on 3 Sep-

tember this year. They sought a week's delay. Why? Because, Mr Speaker—

Mr Crean interjecting—

Mr ANDERSON—You say we knew. We had no access to the financials. As we speak today—

Mr Crean—The whole world knows.

Mr ANDERSON—If the whole world knew, is there anyone in the ALP who can produce ANZ's finances? The fact is that they still do not have audited books out there from this outfit. The process was that the New Zealand government was to negotiate with the company the best way forward and the government was to make a decision in time for the issuing of a public statement in early September. They then postponed that for a week during which time it became obvious that the situation was far worse than anyone could have known: the New Zealand government, the board members themselves, Singapore Airlines, the banks—all of those who might reasonably have been expected to have had an idea.

This is not an Australian company and we do not have access to the books. We had access only to the information made available to us and to such other people to whom the board had a responsibility, such as the New Zealand Stock Exchange. We supported the company's recapitalisation. We worked with the New Zealand government to ensure that they were in a position to make a timely decision. Air New Zealand was looking to the New Zealand government to make a decision on investment caps and any capital injection that it might choose to make on that side of the Tasman, not us.

Ansett Australia

Mr JULL (2.08 p.m.)—My question is directed to the Prime Minister. What contact has he had with his New Zealand counterpart in terms of the financial difficulties of Ansett Australia and any consequences to Air New Zealand?

Mr HOWARD—In recent times I have had two conversations with the New Zealand Prime Minister. I spoke to her briefly last Friday evening to express my regret on behalf of the government at the discourtesy that was displayed towards her at Melbourne airport. I repeat to the House that, no matter how deep and understandable may be the feelings of the Ansett employees and others in the Australian community about the behaviour of Air New Zealand, that is no justification for behaving in such a discourteous fashion towards the Prime Minister of a country with whom Australia has long had a very close and important relationship. It is because I have become concerned about the impact of this issue on the bilateral relationship that I rang the New Zealand Prime Minister this morning. I said to her that it was important that both of us worked to ensure that the issue of Ansett and Air New Zealand did not contaminate our bilateral relationship.

I would remind the House that on earlier occasions there have been corporate collapses in Australia which have hurt New Zealanders. I think that it is very important to separate the merits of this issue from the bilateral relationship. Having said that, I made it very plain to her that there was very deep anger in the Australian community, particularly among Ansett employees, regarding the behaviour of Air New Zealand. I reaffirmed to her the position of the Australian government that had been maintained throughout by the Deputy Prime Minister, by the Treasurer and, where appropriate, by me that we could not make any equity injection into Ansett and we could not be engaged in a bailout of Ansett.

I did, however, inform the New Zealand Prime Minister that we would be willing to guarantee the payment of the workers' entitlements in the terms outlined by my colleague at a press conference this morning—he, incidentally, having been denied the opportunity of outlining the government's position at a meeting convened by the ACTU. The purpose of the government's actions is to try and provide assistance to the employees of Ansett, not to politicise this dispute. I explained to the New Zealand Prime Minister that we would guarantee all of statutory entitlements, that is, unpaid—

Opposition members interjecting—

Mr SPEAKER—The Prime Minister is entitled, as all members know—all members are similarly entitled—to be heard in silence.

Mr HOWARD—I indicated to the New Zealand Prime Minister and I indicate to the House that it has been the position of the government to guarantee the statutory entitlements, that is, the unpaid salary, anything in lieu of notice that is appropriate, long service leave and unpaid holiday pay. In addition to that, we are also prepared to guarantee the payment of up to eight weeks redundancy, which is the community standard.

I might say rhetorically that that is a great deal more than I understand would have been done under the policy in relation to workers' entitlements for the 1,000 employees of Compass. I do not remember there being any bailout by the Keating government of the Compass employees. In fact, I am reminded in the context of Compass—

Opposition members interjecting—

Mr SPEAKER—It is evident that members on my left do not believe that the chair will reinforce the standing orders. I indicate to everybody my intent to ensure that the Prime Minister and all participants in question time recognised by the chair are heard in silence.

Mr HOWARD—I am reminded of a comment made by Brian Gray, the former chief executive of Compass Airlines on 22 December 1991. He said:

> I went to the government on Wednesday and I asked for some relief. Kerin, Beazley and Collins came in and sat down and before I even opened my mouth, Kerin simply said there could be no cooperation from the Commonwealth government. He said, 'Under no circumstances will we help you by any means.'

That was the attitude. If you think that that is just relying on the verbatim of the former chief executive of Compass, let me also quote from the former minister himself when the request had been rejected:

> 'It would not have mattered, frankly, if the airline had asked the government for $1 billion or $10,' Senator Collins said. 'The facts are that the government is not a bank for private airlines. We would not have provided loan funds or extraordinary special purchase of seats to any airline. We have deregulated the market deliberately to remove the government from commercial involvement in airline operations.'

They were the words of the Labor minister. Let me return, because I think it is relevant to do so, to the discussion that I had with the New Zealand Prime Minister. I made it plain to her that we would fund the payment of the workers' entitlements and, as will be revealed over the days ahead by the minister responsible, we will make arrangements so that, as soon as the individual claims of employees of Ansett can be properly assessed, we will begin making payments of those entitlements where there is a legal obligation to do so. We will do it, and it will cost—

Mr Brereton—You're robbing them blind.

Mr HOWARD—The member for Kingsford-Smith implies that we are fobbing something off. It is going to cost $400 million. It is some fob-off to pick up to the tune of almost $400 million the entitlements of the Ansett employees! That is a far more generous thing done by this government in relation to any group of employees than to any other group of employees of any company, including, might I say, a company that keeps getting referred to me by those opposite because on that occasion—and I know they are referring to National Textiles—the full payment was made possible by the contribution of the New South Wales Labor government, which matched dollar for dollar the contribution of the federal coalition government. So, if those who sit opposite want the situation to be completely duplicated, they should approach Mr Bracks and Mr Carr to make up the additional redundancies. I think that would be an extremely good thing to do.

I know that there are many on this side of the House who would like to hear the next part of my report to the House of my discussion with the New Zealand Prime Minister. I not only informed her of my intention and the intention of the government to pick up the statutory entitlements and the redundancies up to a community standard of eight weeks but also said to her that that was being done without prejudice to the right of the Australian government—as it would, standing in the shoes of the employees and becoming the creditor of Ansett Australia—to institute legal proceedings against Air New

Zealand in order to secure recoupment, on behalf of the Australian taxpayer, of the amount that we are going to lay out to see that the Ansett workers are not left out in the cold. I have made it very plain that our legal rights are fully reserved. What we have done is entirely without prejudice to the right of the Commonwealth government, as it will stand in the shoes of the former employees of Ansett, having paid their entitlements, to recover the amount.

In the meantime, it is the intention of this government for proper reasons of financial prudence to introduce a ticket levy in order to fund—I hope, on an interim basis, because I am hopeful that recovery will be secured from Air New Zealand—the cost of paying the entitlements of the Ansett employees. I agreed that it was in everyone's interests that Air New Zealand remain fully viable. There is nothing to be achieved by trade unions in this country or anywhere else boycotting Air New Zealand. All that will do is imperil the jobs of workers in New Zealand and imperil the viability of an airline at a time when, because of the tragedy in the United States, airline travel is under tremendous pressure and the bottom line in the viability of airlines all around the world is under enormous pressure. This is the last conceivable occasion on which anybody with any jot of responsibility would seek to impose a boycott on an airline.

No matter how deep may be the feeling, to impose a boycott on Air New Zealand would be the height of irresponsibility. But it is not the height of irresponsibility for a government to do what we have done in relation to Ansett employees' entitlements. We are the only party to this dispute that has put money on the table. The Australian government is prepared to put $400 million of taxpayers' money on the table. We are prepared to recoup that money through a levy. We will pursue, if we are legally able to do so, Air New Zealand to secure reimbursement. In those circumstances, I would say to the opposition: instead of encouraging the ACTU to deny free speech, you ought to try to cooperate with us in settling the dispute.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon the Rt Hon. John Spellar, the United Kingdom Minister of State for Transport. Also present in the gallery is Jane Griffiths, a member of the United Kingdom House of Commons. On behalf of the House I extend a very warm welcome to both of our guests.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Ansett Australia: Employee Entitlements

Mr BEAZLEY (2.22 p.m.)—My question is to the Prime Minister and follows his previous answer. It is a simple question. Will all Ansett staff get 100 per cent of their entitlements like the workers in the company your brother chaired, National Textiles, and will you guarantee that they will get all of their superannuation entitlements? Simple question.

Honourable members interjecting—

Mr SPEAKER—I will not tolerate that chorusing interjection. The Leader of the Opposition is invited to ask his question again.

Mr BEAZLEY—My question follows the previous answer of the Prime Minister and is a simple question. Will the Ansett staff get 100 per cent of their entitlements, like the workers in the company his brother chaired, National Textiles, and will he guarantee that they will get all of their superannuation entitlements?

Mr HOWARD—The workers employed by Ansett—

Mr Griffin interjecting—

Mr SPEAKER—The member for Bruce! The Prime Minister has the call.

Mr HOWARD—The employees of Ansett will receive from the Commonwealth government all of their statutory entitlements. They will also receive eight weeks redundancy, which is the community standard.

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne is warned!

Mr HOWARD—I have made it clear from Friday, when this matter was discussed by the cabinet, that we thought it appropriate that all of the statutory entitlements be met

and we thought that the community standard of eight weeks was appropriate. We are going to fund that with a levy. In relation to National Textiles, and as the House knows, the contribution made by the federal government in relation to that company was matched dollar for by the New South Wales government.

Mr Crean interjecting—

Mr SPEAKER—I warn the Deputy Leader of the Opposition!

Mr HOWARD—I repeat: the payment we made was matched dollar for dollar by the New South Wales government, and no amount of furious interjection alters that fact. The payment was matched dollar for dollar.

Mr Bevis—That's untrue.

Mr HOWARD—It is untrue that it was matched dollar for dollar?

Mr SPEAKER—The Prime Minister will not respond to interjections.

Mr HOWARD—I can respond if I wish. Sometimes they make intelligent interjections.

Mr SPEAKER—The Prime Minister will not defy the chair. The Prime Minister has been asked a question and will respond to that question.

Mr HOWARD—Mr Speaker, I will tell you what I will say to the opposition: if you can persuade the Victorian government and the New South Wales government to match what we are proposing to do with Ansett, there will be rejoicing in all the land.

Ansett Australia

Mr NAIRN (2.25 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister advise the House of arrangements the government has put in place, following the appointment of an administrator to Ansett, to provide assistance to Ansett passengers and employees and to help return services to regional areas like Moruya and Merimbula in my electorate?

Mr Sidebottom—Why don't you get the RAAF out to assist stranded Tasmanians?

Mr SPEAKER—The member for Braddon is warned!

Mr ANDERSON—I thank the honourable member for his question and acknowledge the interest that he and many others have in ensuring that people have access to services during the current quite serious disruptions. On 7 September, I was contacted directly by the CEO of Air New Zealand and by the acting chair to say that they intended—and this was the first I had heard of it—to cast Ansett adrift, to let it go, and that it might not be able to continue operating.

I immediately came down here and we had people working around the clock on contingency plans. They were worked up during the first half of last week and were well in hand when the voluntary administrator advised me at mid-afternoon on Thursday last that he would have to ground Ansett. As the administrator put it, the cupboard was bare. There was a big fat zero in the bank account; that is all that was there. He said, 'To indemnify the operation for just 48 hours could cost the taxpayers of this country up to $170 million.' The Leader of the Opposition apparently knows more than Qantas, more than Singapore Airlines, more than the administrator, more than even the people who are trying to audit the books at the moment. He is a very clever fellow! He just will not produce any evidence of where the information came from. Laurie Oakes said, 'Where do you get this information from?' 'Oh,' said the Leader of the Opposition, 'we like to protect our sources, like you do, Laurie.'

The fact is that the cupboard was bare. The payroll for wages and salaries to be paid that afternoon was not there. It could not be funded. We immediately underwrote the operations of the airline on Thursday night to maximise the number of flights that could be completed, to minimise the disruption to Ansett's customers. At the same time, the administrator applied pressure to Air New Zealand to provide $20 million to cover wages and salary payments. That payment was made yesterday and has gone a long way towards bringing staff up to date with their wages and salaries.

The government's package of measures was announced at the earliest possible opportunity immediately after the administrator issued his formal announcement grounding

the airline very early on Friday morning. They have been well publicised, but let me recap. Qantas undertook to fly stranded Ansett passengers free of charge on the return leg of their journey. That offer has now been extended for a further seven days. The government established a support program for stranded passengers to cover their reasonable travel costs back home and their short-term accommodation until they could arrange travel. Qantas and Virgin offered deeply discounted fares to Ansett passengers holding tickets that they could not use. We immediately started action to compel Air New Zealand to meet its obligations in regard to the entitlements of Ansett employees.

We established a special number for Ansett employees to register immediately for the Employee Entitlements Support Scheme and to provide immediate access to job matching services through Job Network. Qantas established a register for Ansett staff and gave a commitment to former Ansett workers that they would get preferential consideration for new positions. At our first cabinet meeting following this, as has been covered by the Prime Minister, we announced what we would do to meet the needs of workers—in a way that is unparalleled in this country and which makes the rank opportunism and hypocrisy of the Leader of the Opposition stand out starkly whenever he talks about this issue.

With regard to regional issues, Qantas very quickly offered an undertaking to do what they could to provide services to those 34 regional centres around Australia that are totally dependent upon Ansett or Ansett subsidiary services. I thank them and their staff, many of whom are working very long hours at the moment, for the efforts they are making in this regard. They have responded very well.

We have also put in place measures, including a one-off grant to assist operators, to maintain services to regional centres. Assistance has already been provided for routes in the Northern Territory and South Australia. As of this morning, Sunshine Express in Queensland has been approved for the Brisbane to Thangool service and Airlink in New South Wales for a service between Dubbo and Broken Hill. Those services will start shortly. So, as we speak, 23 of those 34 centres are now being serviced and another seven are under consideration; for example, in Western Australia now they are all being covered. Some of those outstanding places do have reasonably short drives to airports where there are services operating. None of us would wish this inconvenience on people, but I thank them for their patience and understanding. I indicate that we will do all in our power to keep services going until there are new entrants in the field and replacement services to regional centres right across the nation.

DISTINGUISHED VISITORS

Mr SPEAKER—My schedule indicated to me that we were having visitors from Kenya in the gallery between 2.30 p.m. and 3 p.m. I fear I may have been in error. So I place on the record this invitation and welcome to our Kenyan friends, just as was extended to our United Kingdom friends.

QUESTIONS WITHOUT NOTICE

Ansett Australia: Employee Entitlements

Mr BEAZLEY (2.32 p.m.)—My question is again to the Prime Minister and refers to his previous answer. Will all staff in companies associated with Ansett, like Gate Gourmet, and staff of other companies which may collapse as a result of the Ansett crisis get 100 per cent of their entitlements, like the workers at National Textiles?

Mr Ross Cameron—I rise on a point of order, Mr Speaker. This repeated imputation is unparliamentary. The question should be reworded under standing order 147.

Mr SPEAKER—I will allow the question to stand.

Mr HOWARD—The Leader of the Opposition asks about all companies associated with Ansett. I do not know whether he asks that in a strictly corporate law sense or whether he asks it in an everyday language sense, because a lot of companies are associated with a large company in an everyday language sense. I will check the cabinet record, but my understanding of the decision that we took last Friday was that it covered the employees of Ansett and of wholly owned subsidiaries.

Ansett Australia: Employee Entitlements

Mrs MAY (2.33 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House how the government is protecting the Ansett workers' entitlements and helping them to find new work? Minister, what is the government doing to ensure that Air New Zealand shoulders its responsibility for the entitlements of Ansett workers?

Mr ABBOTT—I very much thank the member for McPherson for her question. I welcome this opportunity to tell the Ansett workers what the government is doing to help—a chance that I was not given just an hour ago at a meeting addressed by members opposite. I can very much understand why Ansett workers feel very angry indeed because they have been badly let down by their management. The idea that senior management in Ansett should be paying themselves huge bonuses at the time that they were flying their airline into the ground borders on the obscene.

This government believes that Ansett and Air New Zealand have a heavy legal and moral responsibility to workers. We believe that Air New Zealand should pay those entitlements, and we believe that entitlements should be paid in full by the employer. If Air New Zealand cannot pay and will not pay, this government will stand behind those workers. This government will guarantee 100 per cent of statutory entitlements. We will pay all annual leave, all long service leave, all unpaid wages, up to five weeks pay in lieu of notice and up to eight weeks redundancy. We will pay 100 per cent of annual leave; we will pay 100 per cent of long service leave; we will pay 100 per cent of unpaid wages; and we will pay 100 per cent of the community standard where redundancy is concerned.

This government will stand behind Ansett workers to the extent of close to $400 million. This is absolutely unprecedented in Australia's history, and it ought to be noted by the House that no Labor government is contributing a cent to protect the entitlements of Ansett workers. Governments cannot bail out airlines, they cannot and should not try to run airlines, but this government will stand shoulder to shoulder with Ansett employees in their hour of need in a way no other government ever has.

Ansett Australia

Mr BEAZLEY (2.37 p.m.)—My question is to the Deputy Prime Minister. I refer to his claim earlier that he did not have access to the Ansett books of accounts. Isn't it a fact that Air New Zealand's letter of 14 August to you said this:

> In previous meetings with ... Mr John Anderson and various Ministerial advisers, we have provided early access to the Group's financial results to be announced to the markets in three weeks time, including very serious losses of Ansett which are being sustained only with the support of the wider Group. Ansett's regional subsidiaries too are suffering deep losses.

Minister, given that you clearly did know about the diabolical mess at Ansett, why have you misled Australians and done nothing about the threat to Ansett, its workers and regional Australia when you were told?

Mr ANDERSON—The Leader of the Opposition's claim is absurd. Any suggestion that I or any Australian had access to the books of Air New Zealand is absurd.

Mr Beazley interjecting—

Mr ANDERSON—I have the very letter that you are referring to here and I will read to you the last sentence:

> However, an early re-capitalisation of the Group with assistance from SIA remains the preferred position adopted unanimously by the Group's Directors.

It was a strong plea for support for their model for getting out of trouble, which we did not stand in the way of at any time.

It may be that the Leader of the Opposition does not particularly want to hear my position on this because he has politically opportunistic reasons for trying to hang me out to dry. Perhaps he is interested in hearing what the New Zealand Prime Minister had to say about this. Prime Minister Clark is of the same political persuasion as the Leader of the Opposition. I would have thought this point was obvious: if any government had access to the full books, it would have been the government that Air New Zealand was

trying to negotiate their package with. That would have been the government, would it not, that would have had full and open access? Here is what Prime Minister Clark had to say two days ago:

Yeah, hang on. In the last few weeks, what I can say to you is that no-one, including Air New Zealand, had the slightest idea of how gross their recapitalisation problems were until the government negotiator went in there ... and Singapore Airlines starting doing due diligence.

Mr Beazley—Mr Speaker, I seek leave to table the letter that detailed the amount of information in fact that the minister had access to.

Leave granted.

United States of America: Terrorist Attacks

Mr GEORGIOU (2.41 p.m.)—My question is addressed to the Minister for Foreign Affairs. Will the minister update the House on the welfare of Australians caught up in the tragic events in the United States? What action is the Australian government taking to support the families of those missing?

Mr DOWNER—I thank the member for Kooyong for his question. This House has already expressed the deepest sympathy and support for all of the Australians tragically affected by the recent terrorist attacks that took place in New York and Washington.

My department has received some 35,000 calls and has returned calls to the 8,000 people who chose to register their details. On the basis of these painstaking efforts, I can offer the House some comfort—albeit very limited comfort—and that is that, of the 69 Australians who remained unaccounted for yesterday, I can now confirm that 17 of them are safe and sound. As the situation in New York City stabilises, a number of Australians there have been able to re-establish contact with their families back home and allay concerns for their welfare. The Consulate General in New York has also been able to settle a number of cases, obviously very much to the relief of family members back here in Australia.

It is, though, to my deep regret that our work has established that, in addition to the three deaths confirmed earlier, there may be at least 20 Australians for whom the worst must be assumed. These people were most certainly in the World Trade Centre at the time of the attacks, most in the top floors of the building, and have not been heard from since. We are still seeking to resolve 32 cases in which families initially reported very serious concerns. In some of these cases we have been unable to contact original informants. While my officials are conducting thorough investigative work on these cases, I urge all Australians who reported information to us but have not heard back to make themselves available for contact by my officials.

My department is working hard and, if I may say so, with great compassion to support the families of the victims and others affected by the crisis. The government has arranged for identification forms required by the New York Police Department to be return couriered to families of victims. Officers are in touch with family members travelling to the United States in order to meet them when they arrive. The Consul General in New York, Ken Allen, who I think has done a simply outstanding job—and after all he has only been there for a very few weeks—is opening his home to those traumatised by the crisis, and professional counselling is available to help ease the burden of grief for loved ones. We will continue to work around the clock in an effort to identify Australians involved in this simply appalling catastrophe and to provide support to those families who are still awaiting news.

Mr Beazley—Mr Speaker, I seek your indulgence.

Mr SPEAKER—The Leader of the Opposition may proceed.

Mr Beazley—Can I thank the minister for his situation report and, through him, thank his department for the work that it is doing.

Ansett Australia

Mr BEAZLEY (2.45 p.m.)—My question is again to the Deputy Prime Minister and again refers to the letter that I have been quoting from. Isn't it true that the Air New Zealand letter to you one month ago stated:

This crisis may well see the failure of one or more parts of the Group.

Didn't the letter also warn you that this situation is likely to be played out not over months but over the three weeks leading up

to 4 September. Minister, again I ask: given that you did know about the diabolical mess, why have you misled Australians and why did you do nothing about the threat to Ansett, its workers and regional Australia at the time you were warned?

Mr ANDERSON—The Leader of the Opposition's questions appear to be predicated on the belief that we are somehow trying to deny that we knew that Ansett needed recapitalisation. We have not denied that. We have never denied that. From the time that they came to see us we acknowledged that they needed recapitalisation. And that is what they told us on 27 June when Toomey and others came to see me; they said that Ansett operating losses were serious, they had around $1 billion in reserves—that is what they told us—and that they needed to recapitalise, but they wanted to do it calmly and without being rushed. Against that background, as I said earlier, the government considered its position. I went to New Zealand, we set up a process—or Michael Cullen set up a process—for taking forward consideration of the options in a way to make a timely decision by the time that Air New Zealand went public with their figures this year on its future.

This was a concerning letter. But you presume that it was in our power in Australia to take decisions here. It was not. This was a matter between Air New Zealand and the New Zealand government. We were fully cooperating with them in exploring all avenues to find a solution, but the decisions were theirs. No-one denies that. Air New Zealand does not deny that. Ansett does not deny that. The New Zealand government does not deny that. So the simple fact of the matter is—and I was in regular contact with Dr Michael Cullen—that they were moving quickly with their negotiator to establish the needs of Air New Zealand and to secure its future.

I will tell you something. I have met a few finance ministers in my time. You would not be surprised, Mr Speaker, if I were to say that our current finance minister is a very good one. I can think of a couple of past finance ministers that know all about deficits and all about how to run shows into the ground. But I am going to say this, just to show that I am bipartisan occasionally: the New Zealand Minister of Finance—I think the Treasurer would agree—is a capable and convincing individual. And I make this point out of this: he repeatedly said to me, 'The last thing we can afford to do is to allow this group to fall over.' And I tell you I believed him. If anyone had an incentive to keep their national carrier in the air it was them. And of course we supported them in that. We supported them in seeking to keep that outfit flying.

I will make a couple of other points about that letter. Of course it indicated they had a serious position. There is the idea that they had thrown open their books. I just repeat: nobody can throw open the books—they are still being audited. No-one really knows what the true position is yet. That is the reality of it. The Leader of the Opposition cannot deny that; that is a simple matter of fact. Let me just plainly indicate that what this letter said was that the two businesses are 'deeply enmeshed'; they are tied together by the debt levels entered into to acquire the Ansett business. No reasonable person in my position would ever have contemplated that Air New Zealand was going to separate Ansett out and dump it. I could never, ever have been in a situation where, as this very letter confirms, they would disentangle themselves—

Mr McMullan interjecting—

Mr SPEAKER—The Manager of Opposition Business!

Mr ANDERSON—I just say to you that at no stage did I or the government take any action other than to seek—

Mr McMullan interjecting—

Mr SPEAKER—The Manager of Opposition Business is defying the chair.

Mr ANDERSON—the fullest cooperation with New Zealand as they sought to find a future for this airline.

Australian Defence Force: Support to the United States of America

Mr CAUSLEY (2.49 p.m.)—My question is addressed to the Minister for Defence. Would the minister outline to the House the extent to which the Australian Defence Force

is being utilised to support the United States following the recent terrorist attacks in New York and Washington?

Mr REITH—I thank the member for Page for his question. The government has and will continue to consider closely ways in which to support the United States at this time. Members are of course aware that we have invoked the ANZUS Treaty. In accordance with that treaty, the government will continue to closely consult with the United States in relation to any response, militarily or otherwise, that may be deemed appropriate.

I can advise the House that the ADF has already commenced the provision of support to the United States in various areas. It is public knowledge, for example, that we have extended the deployment of HMAS *Anzac* in the Persian Gulf; and 160, or thereabouts, Australian crew will continue therefore to make that contribution. We did also over the weekend, in response to a request, make available a C130J Hercules plane, and that was used for the transport of emergency personnel from Atlanta to New York.

In addition to those things, RAAF personnel currently on exchange with US forces have been involved in flying combat air patrols over the continental United States. We have a number of Australians from the ADF serving in exchange and liaison positions with the United States at any one time. Those personnel have been authorised to deploy with US forces in the context of the units in which they have been assigned. That, of course, includes deployments both inside the United States and abroad. Of a total of 295 ADF personnel serving in the US, there are 82 ADF exchange personnel and 40 ADF liaison officers currently deployed with US forces. Approximately 28 of these are currently available for deployment.

The ADF personnel deployed with US units perform a wide variety of duties in combat and combat support functions. Examples typically include pilots and weapons systems officers attached to fighter bomber, tactical airlift and maritime surveillance units; Army personnel attached to infantry, aviation and special forces units; and seamen, officers, pilots and warfare officers attached to US naval vessels. We are also assisting the United States through intelligence efforts and cooperation, although members will appreciate that, in accordance with convention, I am not in a position to provide further details. These are all important contributions that are being made today by Australian Defence Force personnel. We can be proud of the quality of our people and confident and reassured in the important and professional contribution that they are making in the fight against terrorism.

Ansett Australia

Mr BEAZLEY (2.53 p.m.)—My question is again to the Deputy Prime Minister and Minister for Transport and Regional Services. Does he recall saying on Friday:

> In terms of Ansett's trading losses on a daily basis and so forth we did not know of the diabolical mess that was emerging.

Isn't it a fact that, in the last week of June, executives of Air New Zealand met with you and the Prime Minister, presented a comprehensive state of play of Ansett's position and advised you that Ansett's trading losses were $18 million a week, or $2.6 million a day. Minister, will you now table the Air New Zealand state of play report?

Mr ANDERSON—I have no detailed information from them to table from that point in time. It does not exist. I am sorry to have to tell you that. As to what we knew about daily operating losses, there were wildly fluctuating reports. You have to remember that it was only 12 days ago that a steady-as-she-goes statement was made to the New Zealand Stock Exchange that said, 'Everything is on track; our recapitalisation plan is still on the table.' I was getting reports saying that their yields were starting to improve because they were building their passenger numbers up again.

In terms of what happened last week, we were getting indications about modest daily operating losses, perhaps in tune with that $18 million a week. The problem is that, as soon as the voluntary administrator was in place and got enough of a look at the financial realities to be able to tell us whether we had a chance of indemnifying him for a little while—whether $50 million or $60 million

might have given us a week or whatever—we got the information that we would be looking at $120 million to $170 million just to indemnify it for two days, such was the nature of the massive outstanding accounts and such was the nature of the daily operating losses that we had not been informed of.

Mr HOWARD—Just to supplement that answer: the Leader of the Opposition I think mentioned the date of 27 June.

Mr Beazley interjecting—

Mr HOWARD—Was it the 27th or 22nd?

Mr Beazley interjecting—

Mr HOWARD—I am endeavouring to assist the House.

Mr Fahey interjecting—

Mr SPEAKER—The member for Macarthur, the Prime Minister has the call. He is seeking to add to an answer and I am granting him the indulgence of doing so.

Mr HOWARD—I am sorry; I thought I was able to do that. If I am out of order, I will do it at the end.

Mr SPEAKER—It is common to do it at the end of question time, but I am happy to recognise you.

Mr ANDERSON—Mr Speaker, on indulgence. I am sorry, I genuinely misheard the question. I thought the Leader of the Opposition was claiming there had been a meeting last week. I did not realise you were referring to—

Mr Martin Ferguson—The last week in June.

Mr ANDERSON—The last week of June?

Mr Martin Ferguson—Yes.

Mr ANDERSON—That meeting?

Opposition members interjecting—

Mr ANDERSON—I am quite happy to answer the question. It is important.

Mr SPEAKER—When the House has come to order, this is not the normal course of events for question time. I am allowing the Deputy Prime Minister to add to that answer.

Mr ANDERSON—I think I might reasonably be forgiven for having genuinely misheard a question.

Mr SPEAKER—I am, for that reason, allowing the Deputy Prime Minister to add to the answer.

Mr ANDERSON—He asked about the meeting on 27 June. I did indeed meet with the CEO on that day and with some others. I have to say to you that no statement, as I read today, from Dr Farmer was handed to us. In fact, I was told they could not give me those figures because they were confidential. The piece of paper was not given to me. It was not surrendered.

Mr Crean—What about those figures?

Mr ANDERSON—The figures at that point in time were, as I recall, that Ansett was losing around $18 million a week. That is correct.

Opposition members interjecting—

Mr ANDERSON—That is right. I have already referred to it. Can I say to you that I suspect almost—

Mr SPEAKER—When the House has come to order, the Deputy Prime Minister has an opportunity to add to an answer.

Mr O'Connor—Didn't the bells go off?

Mr ANDERSON—'Didn't the bells go off?' we are brightly asked.

Mr SPEAKER—The Deputy Prime Minister is adding to an answer and will be concise.

Mr ANDERSON—At that stage I suspect most airlines were losing money because of the time of year. This is a seasonal game. That is point one. Point two: it was not long after Easter when, as we all know, Ansett experienced some particular difficulties. It was explained to me that they were trying to rebuild their seat numbers as a vital part of their recovery plan. This was put—

Opposition members interjecting—

Mr ANDERSON—Mr Speaker, they asked a question. Are they interested in the answer or not?

Mr SPEAKER—The Deputy Prime Minister, in an unusual sequence of events, has been granted an opportunity to add to an answer. He will be heard in silence, and he will be concise in his additional answer.

Mr ANDERSON—This is a serious matter. I am attempting to be transparent and open about what has happened. It is quite obvious to me that the others in this House

seek only to take political opportunity out of it.

Mr O'Connor—We're concerned about the jobs.

Mr ANDERSON—Just like you were when Compass fell over.

Mr SPEAKER—The Deputy Prime Minister will add to the answer or resume his seat.

Mr ANDERSON—I was also told at that time, the Prime Minister was told subsequently and the media were told that there was no danger of them running into a cash problem in the immediate future. They had $1 billion in reserves. That was at that same meeting. They wanted to take it calmly and sensibly and get a sensible resolution. The time frame given to me was that they wanted a decision out of the New Zealand government by the time that they reported to the markets. That is as I understood what they were saying to me. As to the question as to what we did, we at all times sought to work with the New Zealand government to explore every opportunity to ensure that this airline was recapitalised. We always stated publicly that we supported it, that we were strongly committed to aviation both in this nation and in the region and that we recognised that Ansett had to be recapitalised. That gift, however, was not in our purview.

Economy: National Accounts

Mr ANDREWS (3.00 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the results of the national accounts for the June quarter released last week by the Australian Bureau of Statistics? What are the prospects for the Australian economy in light of recent world events?

Mr COSTELLO—I thank the honourable member for Menzies for his question. Last night the New York Stock Exchange reopened for the first time since the tragic terrorist attacks on New York and Washington last week. The New York Stock Exchange Dow Jones index fell by 685 points, which was the largest points fall in its history. In percentage terms it was down 7.1 per cent, which was significantly less than the October 1987 crash. The Australian Stock Exchange recovered somewhat this morning. It was down about 7.7 per cent on its position before the terrorist attacks in New York. Overnight the US Federal Reserve cut interest rates by 0.5 per cent. Also cutting interest rates was the Bank of Canada, the European Central Bank and a number of other central banks which made statements overnight that they were cutting interest rates to ensure liquidity in the wake of the terrorist attacks and also to support weakened growth.

Prior to the terrorist attacks in New York and Washington, the US economy had practically ground to a halt. The growth in the second quarter of the US was just 0.04 per cent, which is basically no growth at all. It is a false precision to actually record growth of those sorts of amounts. Since the House has met, the Japanese have reported for their second quarter a negative quarter of 0.8 per cent. In the second quarter, Germany had no growth at all, France and the UK were at 0.3 per cent and Italy had a negative quarter. In our region many of the economies are now in recession. Singapore is in quite substantial recession, as is Taiwan. We can observe in this region that the economic position is as serious as it has been in the last decade—matched only by the Asian financial crisis of 1997.

The attacks on the financial system in New York could not have come at a worse time, because the US economy had not grown in the second quarter and was expected to be weaker in the third. To the degree that the disruption has occurred, it will affect US confidence. The effects on the stock markets were particularly felt, as one might imagine, in relation to the airline industry and the insurance industry. But secondary or wider effects will flow through confidence measures. We must remember that the US economy is a vast economy—something like $US10 trillion and 250 million people. So the direct economic effects will not be a large proportion of that, but the secondary effects through business or consumer confidence could be more significant.

Here in Australia last Wednesday—of course, overshadowed by the terrorist attacks—we got the results for the second quarter. The Australian economy grew at 0.9 per cent, which was stronger than any of the G7 countries and, again, one of the strongest

growth rates in the industrialised world. Since then the labour force figures have been released for August. They showed that total employment increased by 77,000 jobs in August, that the unemployment rate fell and that, since March 1996, around 882,000 jobs have been created in Australia. The domestic economy was strong in Australia in the second quarter. Household consumption was strong and dwelling investment is showing forward indicators—that is, it is showing that it will pick up in this quarter and next quarter and, particularly in the next quarter, it will start contributing to employment growth again.

Whilst the Australian domestic economy has strengthened, as one would hope, at a time of severe world slowdown, the risks to the Australian economy come from the world situation. The downturn of the United States, Japan and Europe is synchronised—a synchronised downturn the degree to which we have not seen for at least a decade. In those circumstances, economic policy must be directed at keeping the domestic economy strong and supporting the domestic economy to offset the international weakness. We should not underestimate the challenges that now lie in front of us. The economic challenges will be quite severe. They were severe anyway and have been worsened by the terrorist attacks in New York.

I can assure the Australian public that the government will be supporting strong continued domestic growth. It will be underpinned by the low interest rate regime which is at historical lows here in Australia. It will be underpinned by a gathering strength in the housing sector and also by Australia's exporters, who have shown fabulous resilience in the face of a world downturn. In some of the most difficult conditions, they have actually increased export volumes. That, too, will be supported by the tax changes which have taken taxes off exports and allowed our exporters to compete on an equal footing with exporters from around the world.

These challenges should not be underestimated. Australia will not be immune from the world developments. So far we have held stronger growth than any of the G7 major industrialised countries or of the developed world. Economic policy will be directed towards strengthening the Australian economy in these circumstances.

DISTINGUISHED VISITORS

Mr SPEAKER—I would like to thank Deputy Speaker Nehl for drawing to my attention the presence in the gallery of Mr Michael Baume, a former senator and former consul general to New York. I extend a welcome to him and his wife.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Ansett Australia

Mr BEAZLEY (3.07 p.m.)—My question is again to the Deputy Prime Minister. Deputy Prime Minister, in your previous answer you said that you took no documentation away from that meeting in June. Didn't either you or your staff in fact take away this document that summarised the bad financial position in which Ansett found itself? Having taken it away, what did you or your staff do about dealing with the problems that were presented to you?

Mr ANDERSON—Does the Leader of the Opposition claim that those are the books? Are they the books? They withdrew the financials, and they did not give me the piece of paper. This is a serious matter; we did not dismiss the concerns they raised. We did not say that we were walking away from this or that we would not help. But can I just remind the House that this was no longer an Australian owned company—that is point 1. Point 2: they did not actually request of us that the Australian government—do what? Pump in money? Send a gunboat to New Zealand? What is it that the Leader of the Opposition feels we should have done at that point in time that we did not do? As I explained to that meeting, Mr Toomey explained the situation as he saw it. He said in the *Financial Review* the next day, 28 June 2001:

> We've certainly explained to them the capital needs, and the Government's primary concern will obviously be the ongoing viability of Ansett ...

That is right: it was. He went on to say that the airline was 'not necessarily looking for a quick answer'. He said:

It's a hugely important issue for us. To try to rush it through is not in our interest. Frankly, we don't want to push things and get the wrong answer.

In the *Courier-Mail* on 27 June 2001, deflecting speculation that trouble prone Air New Zealand was running out of cash, Mr Toomey said that the airline had 'a billion dollars in the bank'.

In those circumstances, all our public utterances indicated that we clearly understood that Ansett needed to be recapitalised. The process for that recapitalisation was one of negotiation between Air New Zealand and the government in New Zealand. They wanted a lift in the foreign investment cap in that country from 25 per cent to 49 per cent, and they wanted our support for it. I went to New Zealand after the government had considered the matter. We put what we thought was worth considering on the table, at the same time as that proposal, and they were considered in parallel by Mr Cameron, the government's negotiator over there. If there was one thing that we absolutely agreed on, it was that Ansett needed to be recapitalised and it needed to be a strong airline into the future. There was never any dispute about that. It was always taken as read that the New Zealand government would seek to secure a strong future for Air New Zealand and that they were working towards that objective.

The idea that we were not sympathetic is absolutely wrong. We knew they needed recapitalisation. The suggestion that we did nothing is not right. Inasmuch as it was our job and our responsibility to facilitate New Zealand reaching a timely decision, we did so. Really, in the end, attempts to paint us as somehow being responsible for this or standing in the way of a solution will be very easily rebutted by Dr Cullen.

Mr Martin Ferguson interjecting—

Mr ANDERSON—If the member for Batman thinks that document constitutes a financial statement, he has even less awareness with his union background about how business operates and how jobs are created than I thought he did.

Illegal Immigration: Unauthorised Arrivals

Mrs DE-ANNE KELLY (3.12 p.m.)—My question is addressed to the Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs. Would the minister inform the House of a matter of great concern to my electorate, as to when people on board the HMAS *Manoora* will disembark on Nauru? Have the passengers on board indicated whether they intend to cooperate with their disembarkation?

Mr RUDDOCK—I thank the honourable member for Dawson for her question. I can tell the honourable member that, following the full Federal Court decision of yesterday to allow the Commonwealth appeal and to set aside the decisions previously made by Mr Justice North, the asylum seekers, and those on board who may, of course, be there for other reasons, will be transferred to Nauru or subject to an offer and consent to New Zealand for consideration of any claims that they may make. The reports I have seen in the media that suggest that passengers on the HMAS *Manoora* are refusing to disembark from the vessel I think are a little exaggerated. It is certainly the case that some have said to the International Organisation for Migration—and they are from the second vessel, the *Aceng*—that they do not wish to disembark. But the fact is that the persons on board should disembark if they wish to be able to have any claims that they want to make considered.

We will be in a position to stage disembarkation in a safe and orderly movement from tomorrow, and those transfer arrangements will be guided by those on the ground in Nauru, including the ADF and the International Organisation for Migration. In the case of people opting to have their claims considered in New Zealand, of course there are difficulties in terms of the availability of commercial aircraft for that transfer. It may impact upon the way in which the 150 that New Zealand said it would take will be moved to New Zealand, but my expectation is that persons will be disembarked within a few days, with initial transfers from tomorrow. They will be required to disembark in

order for their claims to be considered, and the only options for consideration of claims are Nauru and New Zealand.

There are a small group on the *Aceng* who have said that they insist that they be sent to Australia. That is suggestive of two things. The first is that if they require to be somewhere safe and secure, they would achieve that outcome by being on Nauru. If the issue is safety and security—and that is the issue that ought to be looked at in terms of any claims for refugee status—they obtain it by going to Nauru. The second thing is that the insistence that they come to Australia is indicative that, having paid up to $US16,000—it is said—to board the *Aceng*, they have an expectation of a migration outcome. In other words, their only option is Australia. It is their concern about what people smugglers have led them to believe that brings them to that view. The government's position is firm on this. The only option is for people to disembark from the *Manoora* if they are going to have claims considered, and we will ensure that that happens. We will be counselling them that that is the only option, we will be using the IOM for that purpose, and I would expect that they will see that that is the only way in which their claims can be dealt with.

I would like to take this opportunity to thank the ADF and the International Organisation for Migration for the work that they have already undertaken, and I thank the UNHCR for their cooperation in ensuring that these matters are dealt with on Nauru.

Ansett Australia

Mr MARTIN FERGUSON (3.17 p.m.)—My question without notice is to the Minister for Transport and Regional Services. Minister, did you see an article in the *Courier-Mail* on 18 August about a conversation between Gary Toomey of Ansett and Max Moore-Wilton, the head of the Department of the Prime Minister and Cabinet? The article read:

> Speculation quickly spread through the airline industry that Moore-Wilton had warned that the Federal Government would rather see Ansett fail than have Qantas at risk from Air NZ-Singapore Airlines.

Did you check the accuracy of this report with Mr Moore-Wilton? What did he advise you? Why did you do nothing to check the spread of this harmful speculation?

Mr ANDERSON—I thank the honourable member for his question. It was, as he said, mere speculation, and hardly worth consideration. The fact is that it had no relevance or currency. The government's position was quite plain, always known and always declared: that Ansett needed recapitalisation and we were facilitating the New Zealand government as they sought the best way to do that.

Illegal Immigration: Unauthorised Arrivals

Mrs DRAPER (3.19 p.m.)—My question is addressed to the Minister for Immigration and Multicultural Affairs, Reconciliation and Aboriginal and Torres Strait Islander Affairs. Would the minister inform the House of the government's measures to discourage the use of people smugglers to bypass Australia's orderly refugee and humanitarian program? Minister, will Australia stand by its international obligations in relation to providing protection from persecution?

Mr RUDDOCK—I thank the honourable member for Makin for that question, because it does enable me to expand on issues that I have been commenting on elsewhere in the course of the last few weeks. The government has been most active in relation to the range of measures that ought to be pursued to discourage people-smuggling. These have included working with other members of the international community to minimise outflows from countries of origin, and we are working with other countries to disrupt people-smuggling operations and to intercept the clients of people smugglers en route to their destinations.

Last week I circulated a paper which is a comprehensive statement on all of the initiatives that we have undertaken. I will table that paper, because it would take a considerable amount of time to canvass all of the issues in it. To give honourable members an idea, it deals with prevention strategy; targeted aid funding; information campaigns; technical cooperation, capacity building and information exchange with other govern-

ments; and international cooperation to enhance the integrity of the global protection system. In the area of disruption, it deals with Australia's resources that we have placed overseas, particularly in relation to compliance and liaison officers; technical cooperation and capacity building that have been undertaken in countries which people transit; intelligence gathering and exchange; and regional cooperation aimed at interception of irregular movements. Of course, it includes the reception arrangements that we have in operation here in Australia, including detention arrangements and processing, legislative measures we have taken, and negotiations on return. I table that paper for the information of honourable members.

The further measures that we are undertaking are to ensure that people who are being trafficked do not get better outcomes if they come to Australia than if they are processed, as they can be, through the auspices of the United Nations High Commissioner for Refugees. The measures that we will be implementing include the excision of Christmas Island, Ashmore Reef, the Cartier Islands and the Cocos (Keeling) Islands from the migration zone for the purpose of the acceptance of unauthorised arrivals.

Mr Snowdon interjecting—

Mr SPEAKER—Member for the Northern Territory!

Mr RUDDOCK—The effect of that will be to exclude them. It will not impact adversely upon the citizens of Cocos or the citizens of Christmas Island.

Mr Snowdon interjecting—

Mr SPEAKER—Member for the Northern Territory!

Mr RUDDOCK—I make that point very clearly.

Mr Snowdon interjecting—

Mr SPEAKER—The member for the Northern Territory chooses to defy the chair.

Mr RUDDOCK—The stricter visa regime that will also be included in the bill, that deals with the other measures that we will be implementing, ensures that those people from countries of first asylum, who are processed in an orderly way, will get permanent protection. Those who are processed from places like Indonesia will receive a temporary protection visa, with access at a later point in time to permanent entry. Those who are processed from Christmas Island or from Nauru will only ever—unless the minister lifts the bar—be eligible for a temporary protection permit. The point we are making is that, if people want to get outcomes where their protection claims are properly recognised, they should do it in the country of first asylum or they should do it in Indonesia. They should certainly not seek to do it in one of Australia's external territories.

We are also going to increase the consequences of people being involved in smuggling activities. Even though we increased the penalties for being involved in smuggling five or more individuals to a maximum of 20 years penal servitude, for first offenders the courts have generally imposed penalties of only two years, and with remissions that has been less than one year. With the earnings that people can make while they are in jail, and with the medical attention and dental treatment that they receive there, people often go back in a considerably advanced position. That has been of concern to us. We will be legislating to provide for adult people smugglers minimum sentences of five years, with a non-parole period of three years, and eight years for those who have committed a second offence, with a non-parole period of five years.

These measures are consistent with our international obligations. These measures have been looked at very carefully in terms of our work with the United Nations High Commissioner for Refugees. We are not walking away from ensuring that people who need protection get it. We are ensuring that those people do not get a better outcome, if they are smuggled into Australia, than they would get in dealing with the organisation best equipped to deal with their claims. Nobody should oppose measures that will effectively address people smuggling. If further measures are required to deal with it, I would hope that we continue to get ongoing cooperation.

Ansett Australia

Mr BEAZLEY (3.25 p.m.)—My question is to the Deputy Prime Minister. Minister, do you recall saying on September 6:

I think that we ought to settle this down and stop talking about the hypotheticals, dire outcomes, this whole thing falling over. I am much more optimistic than that.

Minister, will you confirm that you had a phone conversation two days before this statement with the New Zealand Minister for Finance, Michael Cullen, in which he indicated to you the desperate nature of the financial situation facing Ansett? Given this, why two days later did you make public statements that were completely contrary to the advice you had received from the New Zealand government?

Mr ANDERSON—That was in the context of the statement that they had just made to the New Zealand Stock Exchange. It would have been grossly irresponsible for me to have sought to undermine confidence, to have attacked the prospects for that company and the people that it employs and to have further weakened its position—

Mr Snowdon interjecting—

Mr SPEAKER—The member for the Northern Territory is warned!

Mr ANDERSON—when the formal advice given by the board—which I have here—indicated that they were—

Mr Griffin interjecting—

Mr SPEAKER—The member for Bruce is warned!

Mr ANDERSON—trading more effectively, that their rescue plan was still on the table and that they were seeking to finalise their strategic plan before taking it to Dr Cullen for the final decision of that government.

National Security: Terrorism

Dr WASHER (3.27 p.m.)—My question is addressed to the Attorney-General. In the light of the horrific terrorist attacks on the United States last week, would the Attorney-General inform the House what steps Australia has taken to ensure our national security? Is the Attorney-General aware of any alternative policies?

Mr WILLIAMS—The Howard government already has in place a comprehensive and well tested national antiterrorist plan. This plan is our blueprint for protecting Australia from politically motivated violence, and it has allowed us to respond quickly to the situation in the United States. Indeed, I would like to thank the many men and women in the portfolio agencies involved during the last week—in particular, my own—for their outstanding efforts in facilitating a rapid and effective response in Australia. It has been the combined efforts of men and women involved in protective security and coordination policy, the intelligence community and our law enforcement agencies that have put into practice our well tested procedures under the national antiterrorist plan.

The terrorist attacks in the US have shocked the world. At the moment, there is nothing to suggest that there is any risk in Australia as a result of the attacks in the United States. However, we have taken the precaution of putting Australia on a heightened security alert. This is standard practice under the national antiterrorist plan. Australia has in place a legal regime to deal with the various types of international terrorism. We are a party to nine of the 11 antiterrorism conventions currently in force, covering things such as hijacking, acts of violence against aircraft and hostage taking. We are in the process of becoming a party to the other two conventions, and we have supported the ratification of the statute of the International Criminal Court. The Prime Minister has firmly committed Australia to standing with the United States and other partners in the response to the cowardly attacks in the United States. The Minister for Defence has already in question time outlined some response. I can say that the security and intelligence agencies are continuing their extensive cooperation that has been in place with overseas agencies for some years now.

We have also introduced additional aviation security measures at our major domestic and international airports in response to the attacks. We have a proactive and ongoing aviation security awareness program. Indeed, following a request from a protective security coordination centre within my department, state and territory police have been conducting security assessments of the chartered airline industry. The Howard govern-

ment has a close working relationship between law enforcement and the intelligence community on matters such as terrorism, drug trafficking, people-smuggling and arms smuggling, as was evident at the Olympics, and it is again evident in the firm approach to people-smuggling. The government is also in the process of reviewing the level and nature of support provided to law enforcement agencies by Commonwealth intelligence agencies. The government established the National Security Committee of cabinet as long ago as 1996 with a true all-of-government focus.

Australia has a highly effective national coastal surveillance system, Coastwatch, with a fleet of vessels, planes and experienced personnel that patrol the Australian coastline 24 hours a day, 365 days of the year. Last year the Coastwatch surveillance network detected and intercepted nearly 99 per cent of illegal immigrants before they reached Australia. Australia will continue to coordinate its activities between the security and intelligence agencies within Australia and with overseas agencies, and any further response to the attacks in the United States will be considered by the government as necessary.

Ansett Australia

Mr CREAN (3.31 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, you have told this House that you received no paper at your meeting in the last week in June. Did you or did you not receive this paper setting out the parlous state of Ansett, around which you did nothing?

Mr Costello—Mr Speaker, I take a point of order. If somebody is being asked whether or not they have seen a piece of paper, can I suggest that it is incumbent upon the person who asked the question to table the paper; otherwise how can anybody answer whether or not they have seen it?

Mr McMullan—On the point of order, Mr Speaker, there is a clear answer as to how the Deputy Prime Minister can know to which document we are referring. It is the one that he, the Prime Minister and the Treasurer have just been talking about.

Mr Howard—I will table the one we have been referring to.

Mr SPEAKER—The Prime Minister will resume his seat.

Dr Martin interjecting—

Mr SPEAKER—The member for Cunningham seems to be forgetting himself. I will deal first with the point of order.

Mr Howard interjecting—

Mr SPEAKER—I want to deal first with the point of order, Prime Minister, and I will then recognise—

Mr Howard—Further to the point of order, so that we do not get confused, I am very happy to table the document that I was discussing with the Deputy Prime Minister and the Treasurer.

Mr SPEAKER—The Prime Minister may table it.

Mr Howard—Amongst other things, it includes a statement that—

Mr SPEAKER—The Prime Minister is welcome to table the document to facilitate the point of order but he cannot—

Mr Howard—I think it can facilitate because it discloses—

Mr SPEAKER—The Prime Minister will table the document.

Mr Howard—It is a very different document. It is a document very unhelpful to the case of the opposition.

Mr SPEAKER—The Prime Minister will table the document. He cannot speak to the tabling. Further to the point of order, a question has been asked of the Deputy Prime Minister about whether or not he received a document on a particular day. The Deputy Prime Minister is able to answer the question as to whether or not he received a document. Whether he received the specific document, clearly he may be unable to answer until he has seen that specific document. That is my view of the point of order.

Mr Costello—On a point of order, Mr Speaker, it is incumbent upon a person who is asking a question such as that to table the document which they are asking whether or not he has seen. Without tabling it, it is a nonsensical question.

Honourable members interjecting—

Mr SPEAKER—The House will come to order! I am not being assisted by the Treasurer. I have already ruled on the point of order. The question is in order. The Deputy Prime Minister can respond to whether or not he received a document. He cannot be expected to respond to the particular document unless he knows what it is.

Mr ANDERSON—As I recall that meeting, they certainly had pieces of paper that they were using to give us advice. Again, I think they may have even had one of those things that they flip over, which I did not regard—coming to what was Dr Farmer's claim today that the airline presented me with a set of financials—as a set of financial figures. It was an overview.

Opposition members interjecting—

Mr ANDERSON—That is right. I am seeking to be transparent and open in this process. My understanding is that they indicated that they were not prepared to give me more detailed information and actually withdrew the paper that had that. I was not given, and did not take receipt of, any paper out of that meeting. As for my advisers, I have sought preliminary advice from my office as to whether any of those personnel did. They have indicated to me that they did not but that they are double checking, and I will report to the House if there is further information. Again, let me make the essential point out of this. The essential point is that I was not given detailed information. What sort of a CEO would, in the context of telling me that they had operating—

Mr Lee interjecting—

Mr SPEAKER—The member for Dobell is warned!

Mr ANDERSON—Would anyone believe it remotely reasonable to put the proposition that, at the same time as they had a piece of paper saying they were about to fall over and that it was absolutely chronic and that Australia should do whatever, they would also advise us that they had $1 billion in cash reserves and could continue to trade for a very long time, that there was no immediate crisis but that they were looking forward to their long-term recapitalisation? The reality in all of this—that of course those opposite do not want to face—is that there was no clear picture seen, on the part of the board of this company, of their true position. There still is not today. There is no audited set of books. I do not know how many times we have to repeat that, nor do I know how many times we have to clearly indicate that it was not lost on us as a government that the company needed recapitalisation. That was not lost on us. We sought to facilitate those people who had to make the decisions, to ensure that that recapitalisation took place. It is certainly true that we vigorously pursued an alternative proposal, which was developed in parallel as part of the New Zealand processes. But that in no way stalled, diminished or in any way reduced the opportunities for Air New Zealand to recapitalise and negotiate that with the New Zealand government. I do not know how much more clearly I can seek to emphasise that.

Mr Martin Ferguson—You're guilty!

Mr ANDERSON—The statement from the member for Batman is quite simply contemptible. It is just absurd and contemptible; it really is. Such has been his interest in this matter that, until this point in time, he has not sought to ask me or any member of the government a single question about the process.

Terrorist Attacks: Effect on Financial Services

Dr SOUTHCOTT (3.40 p.m.)—My question is addressed to the Minister for Financial Services and Regulation. What is the minister's response to reports that the terrorist attacks in the United States might have a significant impact on the financial services industry of Australia?

Mr HOCKEY—I would like to thank the member for Boothby for his question. The events in New York, Washington and Pennsylvania last week have obviously caused terrible suffering and shock, and no amount of money can adequately compensate for the real impact of loss of life. As New York returns to work, both financial markets and individual businesses are rapidly trying to assess the financial impact of the horrendous

events. The Commonwealth government is actively monitoring these assessments. At this stage, I am advised that it is simply too early to tell what ultimate impact the United States events will have on business and, in particular, on the global insurance industry and the industry in Australia. However, individual insurance companies will be affected either directly or indirectly because of their global risk profiles. For example, when the hailstorms hit Sydney in April 1999, Australian based insurers paid a very heavy price, but they also relied heavily on existing reinsurance contracts and support provided by insurance companies in the United States and around the world.

For the events in the United States, the payout risk is mainly borne by US based insurers. However, other insurers around the world will also have to contribute. Yesterday QBE Insurance formally announced that the New York terrorist attacks would result in a substantial cut in its profit for this financial year. This is due to the fact that QBE was involved in personal injury and aviation cover and reinsurance protections in place in the United States and through Lloyd's and European company operations. QBE has advised the market and APRA, the prudential regulator, that its underlying businesses and its balance sheet remain strong and that, even with these provisions, it meets our new general insurance prudential standards by a factor of 1.32 times.

I am advised that, for other reinsurers in Australia and other insurance companies in Australia, their exposure is held in many cases by parent companies offshore. However, I have asked the prudential regulator, APRA, to examine the possible implications of the New York events for the Australian insurance market and to keep me informed of developments. Moreover, I have asked APRA to liaise with the relevant authorities in the United States and the United Kingdom to closely monitor and, if necessary, respond to unfolding events. In addition, APRA, ASIC and the Australian Stock Exchange are meeting regularly to monitor current issues and to ensure that the market is fully informed in accordance with the law.

Obviously, insurance is not just about events that have occurred; it is also about the risk of future events. The government is obviously closely monitoring how the Australian insurance industry and, indeed, the broader financial services industry are coping with changing world events. Like everyone else, the Australian financial services industry—especially like New York overnight—is getting back to business in a very calm and rational manner. It is assessing the full impacts of the devastating losses.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Ansett Australia

Mr HOWARD (Bennelong—Prime Minister) (3.44 p.m.)—I suggested earlier that I could add to an answer and I said that I would do it at the end of question time. For the information of the House, I had a meeting with Mr Toomey and other people from Air New Zealand and Ansett on 27 June. What I was told then was substantially to the effect of what the Deputy Prime Minister has already said—that the Air New Zealand group had financial reserves of around $1 billion.

Mr Beazley interjecting—

Mr HOWARD—I know the Leader of the Opposition has great powers of perception and everything; I am just informing the House what Mr Toomey told me. Mr Toomey said that the group has financial reserves of around $1 billion. Obviously that was not inexhaustible, and the advice I had was that it was likely to be exhausted within a year. I was informed during that meeting that they needed a capital injection. The capital injection talked about was obviously a capital injection that was to come from the Singapore Airlines application to the New Zealand government being accepted and, in turn, Air New Zealand injecting more money into Ansett. We discussed that.

I indicated that the objectives of the government were to ensure competition in the domestic market and to ensure that, on the assumption that two major airlines contin-

ued, at least one major airline was Australian owned. That is why the government did unashamedly have a preference for what was called the Qantas option for quite some time—quite unashamedly—because we took the view that, if you are going to have two airlines, it would be a good idea that one of them was Australian owned. I do not think there is anything wrong with that. The reality is that that is what happened on 27 June. That is when Toomey said, 'We have group reserves of $1 billion.' Of course they are losing money. Ansett have been in a difficult financial position for some time. People knew that. It has been known for months. It is not the result of any dramatic briefings.

Also, for the information of the House, there was a bit of an exchange about documents, and the Deputy Leader of the Opposition falsely claimed that a document in my possession, the possession of the Treasurer and the possession of the Deputy Prime Minister, which is this document—

Mr Crean—That is the Qantas brief.

Mr Brereton—That is the Qantas brief, not Ansett.

Mr HOWARD—It does not matter what it is. The Deputy Leader of the Opposition falsely asserted that it was the document in his possession. I had not taken any decision to table this document until such time as the Deputy Leader of the Opposition falsely asserted—

Mr Crean—Yes, you had. You already had.

Mr HOWARD—You are not listening.

Mr SPEAKER—The Prime Minister is adding to an answer. There are some constraints.

Mr Downer interjecting—

Mr SPEAKER—I would remind the Minister for Foreign Affairs that the Prime Minister has the call. The Prime Minister is adding to an answer. There are constraints on the additions to answers.

Mr HOWARD—Yes, Mr Speaker—

Mr SPEAKER—I am being tolerant in the light of interjections.

Mr HOWARD—I will continue. I will repeat the last bit.

Mr SPEAKER—Prime Minister, I am seeking to gain your attention.

Mr HOWARD—Yes.

Mr Leo McLeay—A bully!

Mr SPEAKER—I warn the Chief Opposition Whip! I would point out to the Prime Minister that there are constraints on the additions to an answer. In light of the interjections, I have in fact been allowing the Prime Minister to continue. I would invite him now to continue to address the remarks he has raised and to be heard in silence.

Mr HOWARD—Thank you, Mr Speaker. I had not taken any decision to table this document until the false claim made by the Deputy Leader of the Opposition that this document is the same as the one that they were waving around in front of the Deputy Prime Minister. It is a completely different document. It is a Qantas document, but so what! I was not seeking to put this at that stage in argument, but I tabled it to demonstrate the falsity of the claim made by the Deputy Leader of the Opposition. Just as a matter of record, it confirms the advice widely held in the market as late as 1 August—that is a full six weeks after I saw Mr Toomey—that the ANZ group had reserves of $1 billion. In other words, the Qantas assessment on that score was exactly the same as the assessment given to me by Mr Toomey on 27 June. Once again, the Deputy Leader of the Opposition has misled the parliament.

Mr Crean—Mr Speaker, I seek leave to make a personal explanation.

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat.

Mr Crean—But I want to make a personal explanation.

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat or I will deal with him!

COMMONWEALTH PARLIAMENTARY ASSOCIATION CONFERENCE

Mr SPEAKER (3.50 p.m.)—While members are gathered in the House and before there are any questions to the Speaker, I would like to use the opportunity to express

the appreciation of the House to the Clerk and to all members of his staff for the remarkable way in which the recent Commonwealth Parliamentary Association Conference was hosted here in Canberra. Members who participated in the conference will be aware of what a huge logistic operation it was to play host to 750 guests and delegates, and it is fair to say that the Clerk and his staff did a remarkable job. I do not intend to name individually the staff, although I would like to indicate to members that it is the Clerk's intention to ensure that *The House Magazine* includes a list of those staff who so effectively and professionally performed their roles. On behalf of all members, can I say that we appreciate the role of the staff, we appreciate the role exercised by the Prime Minister and the Leader of the Opposition in being a part of the conference and we particularly appreciate the role of members and senators who were such effective hosts to our guests.

QUESTIONS TO MR SPEAKER

Qantas: Tenancy at Parliament House

Dr MARTIN (3.51 p.m.)—Mr Speaker, can you confirm that, on advice from the Joint House Department, you and the President of the Senate have terminated the tenancy of Qantas at Parliament House in favour of Ansett? Which genius recommended this, and on what basis did you and the President make this decision? As a result of the recent events surrounding Ansett, will Qantas be given the opportunity to continue to provide an ongoing service to Parliament House?

Mr SPEAKER—There are two matters I ought to address. First, some members may have noted that the staffing of the Qantas office in Parliament House has been reduced. That is unrelated to the matter that the member for Cunningham has raised. It is entirely a result of the events surrounding Ansett and the additional workload imposed on Qantas, and Qantas ACT management made the decision to take some of the Qantas Parliament House staff and use them in Civic to reduce the workload on staff at Civic.

The member for Cunningham is, however, right in that there was a recommendation to the Presiding Officers that transport for certain sectors of the department be offered to Ansett because the tender from Ansett was so much cheaper than the tender from Qantas. The Presiding Officers were reluctant to proceed with this without additional information, so at this stage, as far as I know, nothing has been signed nor has any contractual agreement been entered into. Clearly, this was a matter for negotiation with the Presiding Officers—and from memory, that took place during the last sitting fortnight, no more recently than that; it was well before the present Ansett crisis had emerged—and the matter is now being renegotiated.

PERSONAL EXPLANATIONS

Mr CREAN (Hotham) (3.52 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr SPEAKER—Does the Deputy Leader of the Opposition claim to have been misrepresented?

Mr CREAN—Yes, I do.

Mr SPEAKER—The Deputy Leader of the Opposition may proceed.

Mr CREAN—When the Prime Minister blundered and tabled the Qantas brief on the state of Ansett's books, he accused me of claiming that he had the document I was referring to. The record will show that I made no such claim.

Mr MURPHY (Lowe) (3.53 p.m.)—Mr Speaker, I would like to again thank you for your efforts under standing order 150. Since I last raised matters under standing order 150, I have received another 22 replies to questions, which I appreciate. I also seek leave to make a personal explanation.

Mr SPEAKER—Does the member for Lowe claim to have been misrepresented?

Mr MURPHY—I most certainly do.

Mr SPEAKER—The member for Lowe may proceed.

Mr MURPHY—Mr Speaker, you will doubtlessly recall that, during the adjournment debate on Monday, 20 August in this House, I spoke about the sale of Sydney airport. Following that speech, on 28 August, on page 2 of the *Penrith Press*, the member

for Lindsay ran an advertisement that said, inter alia:

In federal parliament last Monday night, Sydney Labor MP John Murphy attacked the Howard government for our refusal to build an airport at Badgerys Creek. Murphy is one of a swag of powerful and influential Labor MPs—

Mr SPEAKER—The member for Lowe must come to the point about which he has been misrepresented.

Mr MURPHY—I am happy to respond to that, Mr Speaker, because I am a humble backbencher.

Mr SPEAKER—The member for Lowe will come to the point of misrepresentation.

Mr MURPHY—It continued:

who has convinced the ALP party machine that the solution to noisy life in the big city is to dump some of that noise in the Penrith district. Labor now wants to use federal parliament to block the sale of—

Mr SPEAKER—The member for Lowe must indicate simply where he has been misrepresented and place it on the record.

Mr MURPHY—The member for Lindsay said:

Labor now wants to use federal parliament to block the sale—

Mr SPEAKER—The member for Lowe cannot indicate where the Labor Party has been misrepresented but where he has been misrepresented.

Mr MURPHY—This flows from my speech. She is extending that to say—because of my influence—that:

Labor now wants to use federal parliament to block the sale of Kingsford Smith Airport until the government commits to noise relief in the form of a second airport in the Sydney basin.

The member for Lindsay speaks half-truths. When I spoke on 20 August in this House—

Mr SPEAKER—The member for Lowe cannot advance an argument. He has indicated where he has been misrepresented.

Mr MURPHY—I am being misrepresented by half-truths. I spoke of two elements in that debate: the failure of—

Mr SPEAKER—The member for Lowe will resume his seat. He has indicated where he has been misrepresented.

QUESTIONS TO MR SPEAKER

Australian Flag

Mr NEVILLE—On 3 September we celebrated the 100th anniversary of the first flying of the Australian flag. Indeed, we celebrated that in the House on the last sitting day of the last—

Mr SPEAKER—Does the member for Hinkler have a question to me? Is he seeking indulgence? What is his procedure?

Mr NEVILLE—If I could have indulgence to make a brief statement first, and then I will ask a question.

Mr SPEAKER—I would appreciate the member for Hinkler indicating what precisely he is intending to question me about.

Mr NEVILLE—The Australian flag above this building.

Mr SPEAKER—The member for Hinkler may proceed.

Mr NEVILLE—As I said, Mr Speaker, the flag was flown on the first occasion on 3 September 1901, and we celebrated that in the last sitting fortnight. Could I suggest to you that the flag that flew above this building on 3 September this year, before it becomes too faded or too tattered, be taken down and perhaps offered to a museum or an art gallery as the seminal flag that flew over this building 100 years from the time the first flag was flown?

Mr SPEAKER—I will take up with the Joint House Department the matter raised by the member for Hinkler.

Questions on Notice

Mr HORNE—Mr Speaker, my question to you is under standing order 150. I ask that you write to the Prime Minister asking him to provide an answer to question No. 1941 that was asked on 6 September last year.

Mr SPEAKER—As the standing orders provide, I will follow up the matter raised by the member for Paterson.

United Nations Global Compact

Mr LATHAM—I have a question to you, Mr Speaker. I draw your attention to the fact that, on 21 August, I placed a question on the *Notice Paper* to the minister representing the Minister for Industry, Science and Re-

sources. The question concerned the United Nations global compact and what action—

Mr Leo McLeay interjecting—

Mr LATHAM—No, it was one of mine—the government was taking to implement this compact.

Mr SPEAKER—The member for Werriwa will come to his point.

Mr LATHAM—You will notice that in the *Hansard* yesterday an answer appeared. The answer has not been given by the minister to whom the question was directed; the answer has been provided by the Minister for Employment, Workplace Relations and Small Business. In the substance of his answer, he states, 'These matters are not the responsibility of my portfolio.' Mr Speaker, I am asking you to investigate how I can ask a question of the minister representing the Minister for Industry, Science and Resources that then appears with an answer on the *Notice Paper* from a different minister, telling me that he does not have responsibility for these matters.

Mr SPEAKER—The member for Werriwa has made his point under standing order 150 and, as is expected, I will follow the matter up. It is not unreasonable for a minister to ask another minister to respond to a question. It is however only appropriate, as the member for Werriwa has said, that the minister answering the question should be answering a question within his portfolio responsibilities.

Mr LATHAM—Could I also suggest, Mr Speaker, that the member who is asking the question be advised that they have decided to take this action? I did not find out until it was published in the *Hansard*.

Mr SPEAKER—The member for Werriwa will resume his seat.

AUDITOR-GENERAL'S REPORTS

Report No. 10 2001-02

Mr SPEAKER—I present the Auditor-General's Audit Report No. 10 of 2001-02 entitled *Assurance and control assessment audit: management of bank accounts by agencies.*

Ordered that the report be printed.

PAPERS

Mr REITH (Flinders—Leader of the House)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings*.

MATTERS OF PUBLIC IMPORTANCE

Ansett Australia

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

> The failure of the Government to deal effectively and proactively with the difficulties confronting Ansett Airlines and its employees.

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 BEAZLEY (Brand—Leader of the Opposition) (4.00 p.m.)—The collapse of Ansett is a devastating event in the life of our nation, in the lives of the 16,000 direct workers and in the lives of the 40,000-plus additional workers whose livelihoods are substantially dependent upon the functioning of the organisation. It is devastating for regional Australia and devastating for services more broadly throughout the nation. It will have an effect on the Australian economy which will reverberate for some considerable time to come. Many industries are affected by this, as well as many communities.

This government will accept responsibility for nothing. They have an attitude on everything and accept responsibility for nothing. It stands as a permanent condemnation of this government, as a monument to their failures, that in this new century of ours two of the greatest failures in the history of Australian Federation have occurred under their tutelage, with the knowledge of their ministers. The first was in relation to HIH, when the relevant ministers were given the knowledge well in advance of that collapse occurring, and the second is now, probably the greatest industrial collapse in some considerable pe-

riod of time—probably the greatest ever—again, with the knowledge of the minister concerned.

They get up there and suggest that they have a devastating answer to me, because I took the view apparently at the time that Compass collapsed that it was a matter for the market. I tell you what: if what we had been dealing with then was the collapse of Qantas or Ansett, we would have taken a very different view indeed. We took the view when we were in office that, when we had major national problems on our hands, the job of the government was to ignore ideology and to get a practical fix. We would roll up our sleeves. We would get down to business with the people who were concerned—be they people in the financial community, be they people in the industrial community, be they workers or whoever. That was our job. We took the view that we were paid to do these things; that governments accepted responsibility.

We see here a government desperately running to catch up. They know that they have massively failed Australian workers who are facing the consequences of the collapse of companies. So, in desperation, as the Prime Minister got off the plane and suddenly found himself with a crisis come to its full fruition, they cobbled together an answer in relation to part of the workers entitlements from part of the number of workers affected. They have yet to answer where that money is going to come from, apart from the ticket levy proposition, and how long that levy will remain. There were no answers from the minister when he was questioned on that matter. There were no answers from them on the double whammy effect—that is, the impact on the tourism industry. On airline tickets now, in a situation that is going to be highly monopolistic, there is going to be the GST, a noise levy and a ticket levy.

Do not get me wrong: at the end of the day, if this is all the Ansett workers are going to get, we will support it. At the end of the day, if that is all that is going to be achieved, we are going to support it, because we will not see those workers out of pocket. But there are a few alternatives to that, I would have thought, starting with the product of the sale of Sydney airport, which is not put into play in this whole dispute and debate for the simple reason that the government want it for their war chest. It is these workers that created the value of that, but the government will not move for one minute on it.

The loss of Ansett is going to be devastating for many in rural and regional areas. It is as important to them as if they had lost Telstra, the telecommunications lifeline for many. It is a massive blow to the tourism industry, as one of the many hit for six by this collapse. In parts of Australia off the beaten track Ansett is essential for mail services, for medical services, for the things that keep businesses going, for essential communication with a metropolitan area. They are now all gone. This is all about job security, workers entitlements, regional services—all the areas in which this government has been missing in action for so many years. In this instance, it is on autopilot.

When you look as I have done at the faces of those Ansett workers at the Ansett rallies around this nation, you see the faces of ordinary Australians: mothers, fathers, sons, daughters. You see the face of the community from every imaginable background and age group. What you see is the Australian sense of insecurity. We are an insecure nation now—insecure about our jobs and insecure about our legal entitlements. The security that went with being an average Australian that we all remember from years ago has left us. It is the role and responsibility of government to underpin that security, to step in in the national interest when huge collapses threaten industries as crucial to the nation as transport and communications. It is a role and responsibility in which this government has completely failed.

The government instead responds with debating points. The shocking collapse of Ansett will stand as a monument and symbol to the indolence and incompetence of this government. At the very time you need your government on your side, you have John Howard and John Anderson on autopilot. They should be frogmarched out of public life for watching this happen. The government knew the trouble Ansett was in. The

Air New Zealand Acting Chairman, Jim Farmer, wrote to John Howard on 14 August saying, 'This crisis may well see the failure of one or more parts of the group.' But nothing was done. The letter of course was copied to John Anderson. When the administrator was forced to pull the plug on Ansett, on all of its staff and on thousands of stranded passengers at 2 o'clock last Friday morning, the government made out it was all news to them.

Just remember that Friday morning: remember the people stalled at the airports; remember the people and the staff who were left—some of them overseas—unable to get back to their home bases; remember those lines of furious people looking for their tickets. Remember all of that because you, Mr Deputy Prime Minister, had knowledge that this was going to occur. Even if at the end of the day you had given up all hope, a government worth its salt would have at least put in place measures for an orderly transfer or change that would have seen people at least on that day not confronting the problems that they had to deal with. Yet we know that the government knew about Ansett's woes for months. They have known about the inadequacy of their workers' entitlements for two years and they did nothing, except in the instance of one company. The Prime Minister loves cricket analogies. Let me try one: he has not broken his duck yet. If you take it that the first ball bowled was Stan Howard's company, he certainly put that to the boundary. Then he was out in the immediate aftermath of that with one collapse after another in which no worker got their entitlements. So he came to the crease again in this one and he has not broken his duck as far as that is concerned.

We heard in question time today of the warnings that this government and the transport minister had one after another. And how much more graphic could a warning get? In June—that is, three months before Ansett's collapse—Air New Zealand told the Prime Minister and his deputy that they were losing $18 million a week. Then in August, the acting chairman of Air New Zealand, Mr Farmer, wrote to the government telling them it was 'an extremely serious situation'. He said the board was:

> ... considering whether the Group's liquidity position is sufficient to enable them to meet their obligations as they fall due.

What an interesting thing it was having the Prime Minister—now in very great reluctance because he realises what he has done—waving a Qantas document around that was his briefing on what this proposition was. They were saying in Ansett the whole show is collapsing, and the government were saying, 'Oh no, we have got this piece of advice from Qantas saying everything is hunky-dory in the house, so we're just fine.' No wonder the Prime Minister scuttled out to try and withdraw that document, because he suddenly realised that perhaps what was an accusation directed at Max Moore-Wilton about the real intentions and attitude of the government had just had a bit of evidence submitted to sustain it, irrespective of the denials of the Deputy Prime Minister.

Can you imagine, though, how any serious politician would ignore such a warning about one of the nation's most important companies? And yet only last Friday you had the Deputy Prime Minister, the transport minister, trying to tell the press:

> In terms of trading losses on a daily basis and so forth, we did not know of the diabolical mess that was emerging.

We know that that is not true. We know that you were advised differently by your New Zealand ministerial counterpart and that you were advised differently by the statements that were made to you by Ansett and Air New Zealand at the time.

What did you do over those months to protect the workers' entitlements? We have a cobbled together scheme now, but what did you do over those months? Absolutely nothing. You have had proposals from the Australian Labor Party on that for five years and our whole scheme for two, but you have chosen to ignore all of that. We have not heard a single thing from you until now, when you have decided that this is adequate for your response.

And all this talk about statutory entitlements: what on earth do you mean by

'statutory entitlements'? The entitlements that workers have are those on which they engage in negotiations with their employers; that is what is supposed to be protected. The legal obligation that is on those companies is to pay the lot. That is the legal obligation. I do not know what other statute there is around apart from that one, which says what the legal obligation happens to be. When you go to the Ansett workers and you see what they are going to lose, you can understand why they are out there in desperation, because they are going to lose their futures. Of course they all want to be back at work. That is what they want, and they want a government accepting responsibility for that.

If the alarm bells were not going from the airline themselves directly to you, they should have gone off from all the headlines that you were confronting. On 29 May, the *Sydney Morning Herald* said:

> ... news goes from bad to worse for troubled airline Ansett, which is poised to post a staggering $400 million loss for the year to June 30.

On 22 June it reported Dr Cheong Choong Kong, chair of Singapore Airlines, saying:

> Ansett cannot exist within the Air New Zealand group unless we get an equity injection.

On 27 June, the head of Air New Zealand and Ansett, Gary Toomey, met with the PM and they put out the financial position: net debts of $1.9 billion; losing $18 million a week. Then, on 14 August, the letter from the acting chairman spoke of:

> ... the extremely serious situation faced by the Air New Zealand Group and, more particularly, Ansett Australia ...

The New Zealand board was examining:

> ... whether the Group's liquidity position is sufficient to enable it to meet its obligations as they fall due.

The letter said:

> This crisis may well see the failure of one or more parts of the Group.

It also said:

> This situation is likely to be played out not over months but over the three weeks leading up to 4 September.

You had an urgent situation on your hands of which you were thoroughly apprised. You talked big and did nothing.

On 1 August, you announced a joint Australia-New Zealand government working party to examine the competing proposals. You said the working party would report back by the end of the month. The committee—made up of two public servants—met once, could not agree on terms of reference and issued no report. This, by the way, is the process that you defended yourself with in parliament, saying, 'We sat down there and seriously analysed these two propositions.' One meeting, no agreement on the terms of reference and that is the end of it. It was supposed to report to you by 1 September but there is nothing there.

Then you confused the situation. In early August, you publicly supported a Qantas alternative proposal at a time when Air New Zealand said they were not interested and when Singapore Airlines said they would not do what Qantas wanted and sell their 25 per cent of Air New Zealand. Then you ignored reality. On 6 September, after all these signals and a conversation with the New Zealand finance minister, you said, 'I do not believe speculation that Ansett will be forced into liquidation,' and, 'I did not believe that any jobs were at risk.' You also said:

> I think that we ought to settle this down and stop talking about the hypotheticals, dire outcomes, this whole thing falling over. I am much more optimistic than that.

You said that one week before the whole show fell to pieces. That last piece of misplaced optimism was directly contrary to the advice that you had from your New Zealand counterpart.

The fact is that you have been playing games with this. The fact is that you have gone into this with mixed motives about what your concern would be. The fact is you have ignored your ministerial responsibilities. And you have got attitude on us all the time: you get up here in question time, all of you, and lambast the opposition day after day. You get up in a debate in this parliament as though politics is a game in which human lives are not actively engaged by the decisions you take. You have the capacity to get up there for the opening of this or that to preserve yourself in your electorate, but you do not have a capacity to ensure that your public

servants sit down and work through solutions for one of the most serious problems this nation has ever confronted. We are going to hold you accountable for that because we will not cop your excuses, not for one minute. We are about the security of ordinary Australians, and we know what threatens it. We know that your lackadaisical attitude to job security and to workers' entitlements is what threatens the security of ordinary Australians in this place. And I can assure you, Minister, that in the remaining weeks of this parliament we are going to deal with it.

Mr DEPUTY SPEAKER (Mr Nehl)—Before I call the Deputy Prime Minister, I would just like to say to the Leader of the Opposition I deliberately did not interrupt his flow but it would assist the chair if, in future, he could pay a little more attention to addressing his remarks through the chair and describing people by the correct title, particularly when it comes to being frog-marched out of the place. I call the Deputy Prime Minister and Minister for Transport and Regional Services.

Mr ANDERSON (Gwydir—Minister for Transport and Regional Services) (4.16 p.m.)—It is quite apparent that the only thing that can be said about the Leader of the Opposition in all of his approach to this is that, as he said on the Mike Carlton show, he would have jawboned away in pursuit of a solution. He makes several serious underlying assumptions. The first of those is that he, apparently, knew the true state of Air New Zealand's position. No-one else did. It is very obvious that the board of Air New Zealand did not know. It is very obvious that Singapore Airlines, who had the recapitalisation proposal under their name and who sat at the board, did not know how serious the problem was. It was only when they started to actually look at it themselves, apparently—as best we can piece together—that they pulled out. If anyone should have been in a position to have known, those who lead what is often described as the world's best airline ought to have known. It is quite apparent that the New Zealand government did not know.

It is quite apparent that the only people who know the full state of the books are the Australian Labor Party. They concoct a case that says that we knew how serious it was but took no action. In reality, we knew it was serious. But we also knew, and still know, that this is a company owned and managed not by the Australian government but by Air New Zealand, on the other side of the Tasman. Governments do not actually have access to the books of private companies. They certainly do not have access to the books of a private company headquartered in another country, as the Air New Zealand group plainly was.

As I have repeatedly said, we do not in any sense deny that Ansett needed recapitalisation. Ansett had had a long history of trouble. Under the two-airline policy it had been a profitable operation, an extremely profitable investment for its joint shareholders. It responded, as is now a matter of history, very slowly to a deregulated market, and TNT and News wanted to sell their stake. Rather than reinvesting in the airline and making sure that it was well set up for the future, as Qantas was doing, they did anything but that; and it has to be said that Ansett was substantially weakened. Subsequent decisions about the nature of the fleet, as has been well recorded by aviation observers and writers in recent times, also weakened it further relative to its competition.

Who deregulated the aviation industry? Who fiercely defended the deregulation of the aviation industry? The member for Batman in those days, of course, was outside saying, 'You should not do this.' But the reality is that the side of politics he is now a part of deregulated the industry. During that period we saw Compass enter the market, and Ansett came perilously close to going under following Compass 2's entry. I find it very interesting in that context that 1,000 workers lost their jobs when Compass went under. Why? Because the ALP had made certain that new entrants could not get in on a fair basis. That was their version of deregulation: these newfound converts to giving everybody in aviation a fair go would not let them get access to terminals on a reasonable basis.

It is very interesting to see the hypocrisy and the double standards that the Leader of

the Opposition revealed today. He said, 'Oh no, we didn't want to do anything about workers' entitlements for the 1,000 people who lost their jobs out of Compass. They did not matter. But, if it had been somebody big like Ansett, well, that would have been different.' What about the hundreds of thousands of people who lost their jobs during the recession that we had to have while you were in power, none of whom had their workers' entitlements met under anything like the scheme that we have sought to put in place and that you and your union mates have sought to sabotage? You have sought to undermine it, sought to make certain that it does not work. The hypocrisy of the Leader of the Opposition on this is quite breathtaking. Apart from anything else, he is putting forward the appalling proposition that size, might, equals right. So if you are a Compass and people lose their job and lose their entitlements, oh, well, that did not matter, it was only 1,000 people; but if you are an Ansett, oh no, we should have done something else. But, in 13 years, what did the Labor Party do about workers' entitlements?

Mr Nairn—Absolute zilch!

Mr ANDERSON—What did they do, apart from putting a lot of people out of work?

Mr Nairn—Nothing.

Mr ANDERSON—Nothing. The member for Batman knows that. He acknowledges that. They did nothing about it. And what have the union movement done?

Mr Martin Ferguson—Don't mislead the House again.

Mr ANDERSON—Show me where I have misled the House?

Mr Martin Ferguson—I didn't say anything to you.

Mr ANDERSON—This man purports to be a potential minister of the Crown—the potential transport minister. Let me pick up the thread. What has the union movement done in a practical way to support the government's workers' entitlements approach? What has Premier Bracks done? What has Premier Carr done? What is the ALP's real commitment to workers who find themselves in unfortunate circumstances? What was the ALP's real position on Ansett? Did the alternative minister for transport ask me a single question about progress? Did he show any interest whatsoever?

Mr Nairn—He thinks it's funny.

Mr ANDERSON—Of course he thinks it is funny. He thinks there is an opportunity for a bit of political opportunism in the midst of all of this. The fact of the matter is that the Leader of the Opposition and the alternative transport minister in this country have had no solutions. Their positions have been all over the place as well. It has been pretty amazing stuff to follow what they have had to say on the radio and places like that. On 7 September, the shadow spokesman told the ABC's *World Today* program that it was not the responsibility of the government to always clean up after mistakes in the private sector. But a week later in a press release on 14 September he changed his views. He said:

> John Anderson is displaying rank hypocrisy and callousness by abandoning Ansett workers—

Who is abandoning Ansett workers? Who is standing by them? We are!

> and denying all responsibility for the demise of Ansett.

Wait a minute! Who led the demise of Ansett? Did we hear anything from the ALP today? Did we hear a word about who actually managed and was responsible for Ansett? Did we hear a word? No, we did not. The opposition seek only to make political capital out of this. They did not seek any information at all about what actually happened and who was responsible. The view of the Western Australian Premier, Geoff Gallop, was reported in yesterday's media. He seemed in no doubt. He said:

> In the first instance, it's got to be a commercial solution. I think all the taxpayers of Western Australia would want to regard that as the first priority in terms of a solution. This is a very important issue for us. Simply throwing money at the problem and coming up with a short-term solution that does not offer long-term sustainability is not the way to approach this issue.

The shadow spokesman displayed the same confusion on the issue of workers' entitlements, all in one day. On 14 September, he told the Neil Mitchell program on 3AW:

> Well, Air New Zealand certainly bears a heavy burden. They are responsible for the entitlements

of our workers, and they should not be let off the hook on that front.

Why didn't he say that in the House today? Why didn't he allude to it? Why didn't he ask any questions about that? Perhaps because on the same day he was also saying:

The opposition calls on the government to immediately guarantee the entitlements of Ansett workers and those in related businesses.

So in the morning on the radio it was Air New Zealand's responsibility, but in the press release in the afternoon it was ours. If it is the government's responsibility, the question has to be asked: what policies would the alternative government have had in place to deal with it? Absolutely none—none at all.

The next thing that was claimed by the Leader of the Opposition was that the working group did not do anything—that it did not meet or that it met once and did not continue. There was very close consultation going on continuously. I am sorry to have to inform the member for Batman, but his leader was wrong. Most of the discussions were handled electronically, by telephone or email. The group did not want to waste taxpayers' money travelling unnecessarily, but the terms of reference were secondary to getting the job done. There was no difference of opinion between officials or governments. Both believed from the moment that this was raised that it was very serious, that there were jobs at stake and that we had to do what we could to secure the recapitalisation of the group. That was never in dispute. The way the opposition have played this, you would think we had been playing lightly with this. We have not. We have never played lightly with it. I have repeatedly said publicly in every forum I have been involved in—to the New Zealanders that I have spoken to about this—that we regard the recapitalisation of Ansett and its survival into the future as extremely important. Unfortunately, it is just a simple reality that we did not run the company, nor were we the government that had to make decisions about investment caps or capital injection. That is the bottom line in this. The opposition can huff and puff and jawbone all they like, but you cannot get away from those realities. It was not in our gift to instantly solve the problem. What in essence happened was that the New Zealand government set up their negotiator—a fellow called Cameron—in what I thought was a good process. They appointed a high quality, capable negotiator to work with Air New Zealand, to establish their position—

Mr Martin Ferguson—That is something you should have been doing. You had your mind on the farm.

Mr ANDERSON—And this is the alternative Australian transport minister! I mean, really! He has shown no interest in it until now. The New Zealand government started to negotiate with Air New Zealand on the best way forward. Unfortunately, the situation became obvious, as has been regularly attested to by the New Zealand government. Again I ask the question rhetorically: would any government have been more committed to salvaging this group than the Labor government of New Zealand? Would there be a government on earth that had a greater priority than they had? I repeat: I pay him a compliment. I formed a high regard for the New Zealand Minister of Finance. I would be interested in whether the Leader of the Opposition has a similar regard for him. He struck me, and still strikes me, as a capable individual. He and I were absolutely resolute that we wanted the company saved. There was never any dispute about that. We kept in contact over it, and the two ideas for refinancing were progressed. It is very interesting that, since then, Dr Michael Cullen and the Prime Minister of New Zealand have both confirmed that in retrospect, despite what we were being told by the board about their recapitalisation plan being the way into the future, it would not have saved them. The board believed it would. They told everyone that it would, but when the New Zealand government, through their due process—which we fully support—tried to get to the bottom of it, it started to emerge that it would not. No-one regrets that more than us. The New Zealand government then started to look at massive capital injections and what have you.

As part of that process, at no stage was it ever put to me that the two companies would be disentangled. The letter of the 14th that

they keep talking about says that the companies cannot be disentangled, that they are enmeshed, that they have to go forward together. That letter was a plea for us to support their plan for recapitalisation. I can tell Dr Farmer and the rest of the world that we were not, in any way, shape or form, standing in the way of what he wanted. I have heard it said that we had a dispute with the New Zealand government and that that held it up. That is not true. I have heard it said that we delayed the process. That is not true. The fact of the matter is that what held it up was that the situation was far worse than the board recognised. Apparently the management knew and, disgracefully, when the negotiator started to probe the realities of the situation, it rapidly emerged very late in the piece that it was far worse than anybody realised and it was too late at that stage for anyone to salvage it. That is a matter of very deep regret. But it is this government that has put in place a plan to keep people moving again and to meet workers' entitlements—not the ALP.

Mr MARTIN FERGUSON (Batman) (4.31 p.m.)—Firstly, I want to thank the whole Australian community for pulling together in an overall commitment to try to clean up the mess created in the aviation industry by the Howard government's absolute neglect of its responsibilities. I want to give credit to the employees of Qantas and Virgin and also in some instances to members of our armed forces for the assistance they have given to not only the regional communities but also some very isolated areas of rural and remote Australia. The truth of the matter is that we are being called upon as a community yet again to give more than should normally be expected of Australian citizens because of the Howard government's neglect of its duties.

That reminds me of what this afternoon's debate is about. It is about the failure of the government to deal effectively and proactively with the difficulties confronting Ansett Airlines and its employees. But, more importantly, I think it is also about why we seek to argue our policies in this parliament and how, in our normal democratic ways, some of us are asked to accept ministerial responsibilities from time to time. On that note, this afternoon I want to remind the Deputy Prime Minister and Minister for Transport and Regional Services of his oath of office. John Anderson, when accepting ministerial responsibility, swore that he would 'well and truly serve the people of Australia'. The Ansett crisis has clearly proven to the Australian community, to rural, remote and regional Australia and to tens of thousands of Australian workers and their families that John Anderson, the Minister for Transport and Regional Services, has not accepted his responsibilities which he swore to uphold when he accepted his oath of office.

In that context, I also want to deal with what I regard as a false comparison which the Prime Minister and the Deputy Prime Minister sought to create in a deliberately misleading way in question time this afternoon by comparing Ansett with Compass. Mr Deputy Speaker Nehl, as you and I know, as people who have frequently used Ansett Airlines, there is a huge difference.

On that note, I want to remind the House of the history of Ansett and its founder. Seventy years ago a young man arrived in Hamilton in Victoria's west. His name was Reg Ansett, and he had an idea. That idea revolutionised Australian transport and led to the formation of a transport empire that is now a household name in Australia and that, until more recently, had a growing presence internationally. Earlier this year I was approached by the committee of the Sir Reginald Ansett Transport Museum with a proposal for us all to come together in Hamilton on 7 December to celebrate the foundation of Ansett and the major role that Reg Ansett played in the development of transport policy in Australia. That forum, Transport '21, is basically about bringing the Australian transport industry back to Hamilton, the birthplace of one of its most enduring icons.

I raise this issue this afternoon because I am very firmly of the view that, when the bells rang signalling that we had major difficulties with respect to the future of Ansett, there was a responsibility and obligation on the Howard government to get involved, to roll up the sleeves and to try to broker an outcome to protect Australian jobs and Aus-

tralian families and an outcome which was in the best interests of rural, remote and regional Australia. This is not just about jobs; it is about Australian families. It is about the very sense of citizenship and community that binds Australia together. Due to the events of the last week, the attack on the very foundations of democracy with the acts of terrorism and mass murder that have occurred in Washington and New York, this is a time when we need to be brought together. Given our proud democratic way of life, parliamentarians have an obligation, when requested to serve this parliament as a minister, to accept their full responsibilities, because they can influence not only the standard of living of Australian workers but also the opportunities in our metropolitan areas and our rural, remote and regional communities.

Therefore, this afternoon I want to refer in brief to the impact of this Ansett travesty of justice. That is what it is: a failure by government to accept their responsibilities for ordinary Australians in both the metropolitan and regional communities. Let us go, for example, to the Manelys of Bathurst. They are not a big employer but are a significant employer in the regional community of Bathurst. They employed three staff in their airport turnaround business for Hazelton Airlines, which had, until last week, Ansett as its parent. The Manelys told the local newspaper in the last couple of days that they wore their Hazelton uniform with pride. They regarded themselves as being part of the Ansett family, part of the very fabric of a major company that Reg Ansett established in Hamilton 70 years ago. But it is worse than that, because when the Manelys woke up last Friday they did not even have the decency of a clear statement from the Acting Prime Minister about the state of Ansett and its potential impact on workers, regional communities and the Australian way of life. They woke up to a fax from the administrators informing them that their business had been suspended. They did not even have the decency of a phone call from Ansett and they did not even have the decency of a public statement from the Australian government, from the Minister for Transport and Regional Services, the then Acting Prime Minister, about where we were with respect to the future of Ansett.

I now want to go to a story from Melissa. Melissa is a flight attendant who gave her all to the Ansett family. Melissa called talkback radio last week, struggling to control her emotions—and why shouldn't she be? She had seen what had happened in America in the previous couple of days and then saw what had happened to her in the previous 12 hours. She said:

> If I hear John Anderson say that he didn't know what was going on until last weekend ... if I hear that one more time I'm going to scream ...

We are going to continue to raise these issues in this parliament and in the debate before the Australian community, because we are absolutely committed to the Ansett family and all the workers that it looked after and the rural, remote and regional communities that it served. I will tell you why: this election is about bread and butter issues. It is about the fundamentals of life, it is about why Australia is the lucky country and it is about why we have such a wonderful democracy and why we are all proud to be Australians, and that is because Ansett and its associated companies—all the companies that supplied goods and services to Ansett—were such wonderful employers. They provided thousands upon thousands of jobs around Australia. Whether it be three jobs with the Manelys of Bathurst or 50 direct employees in Townsville, it all adds up to local wages and assistance to local communities. Family is the crux of the debate.

I now want to go to the Centenary of Federation—one nation and one government serving all Australians, irrespective of where you live. The collapse of Ansett is a kick in the guts for the Centenary of Federation and for our requirement to assist all Australians, irrespective of where they live—be it in Sydney, Melbourne, Dubbo, Mount Isa, Hamilton or wherever. The responsibility of this parliament and the responsibility of ministers is to pull their weight and to accept that, when they are given a problem, their job is to find a solution. As Kim Beazley said today, the Howard government is big on wedge politics and big on rhetoric but it is

absent when it comes to tough decisions and solutions. *(Time expired)*

Mr BAIRD (Cook) (4.41 p.m.)—I rise today to speak on this matter of public importance. I also regard this as a matter of importance. In my electorate I see more airline employees from all airlines than anyone else around Australia, and I certainly have met with a number of them. I have spoken to them on the phone. Last Saturday when I was at Dolans Bay I met with a group of 30 of them. I listened to their stories and their concerns for the future. That is one of the reasons that I was quickly on the phone to speak to the Deputy Prime Minister about the concerns of the Ansett employees.

This government has addressed those issues. Number one in terms of the issues that people raised was the protection of their own entitlements. This government, despite what was said by the opposition's mates outside and the trade union officials that the government has given no commitment to entitlements, has made clear provision for entitlements both now and in the longer term. We have provided for unpaid wages, unpaid annual leave, unpaid long service leave, and redundancy up to the community standard of eight weeks. That is what the government has provided. The shadow minister for transport, who has left this House, and the Leader of the Opposition and their mates in the unions have clearly been deceptive, because the government has given what the unions have predominantly asked for and what the employees have asked for in the protection of their rights. Coming face to face with the Ansett employees, they are a pragmatic lot. They have put forward their views forcibly to me and I have listened to their concerns. But when we look at their record, we see the hypocrisy of the opposition. Let us look at what they did in the 13 years they were in government.

Mr Laurie Ferguson—This is what Bob Carr says about you and Greiner.

Mr BAIRD—The shadow minister's brother up there as a part of the glee club would want to disagree, but just listen for a minute. You have had your say and we listened in silence. Firstly, the airline strike that you did as a deal involving the then Prime Minister and his mate Peter Abeles brought the industry to its knees. It took 10 years for the tourism industry to recover from that. Everybody in the tourism industry around Australia knew what you did to the airline industry and to tourism right across the board.

Dr Martin interjecting—

Mr BAIRD—The shadow minister at the table would well know what the tourism industry thought about that episode.

There was also your record in relation to Compass Airlines: you just let them go to the wall. There was no assistance. You did not believe that they needed any financial bailing out; you let them go to the wall. Now you come in here and say, 'This is different.' Why is it different? Is there any circumstance that is different? That was 1,000 airline employees who went to the wall and you said, 'I'm sorry; we can't help you.' So we have one standard when you are in government, but when you are in opposition you want a totally different standard.

It was you, the opposition, who deregulated the industry and allowed new players in, providing real competition for Ansett. You set the ground rules. Former Prime Minister Keating put together Qantas and Australian Airlines, which created a huge monolith and caused competition between one domestic carrier and a combined international and domestic carrier. You put those two airlines together and that is when the problem started.

Then we have the problems of management. You come into the House and want to talk about your record. Your record is very clear. Let us look at the record of the management. We had Sir Peter Abeles who, every time he went overseas, ordered a new aircraft—supported by your government. Your government could not get closer to Peter Abeles. If he wanted a new type of aircraft for every day in the week, he got it. That was one of the major problems in the management of Ansett. News Ltd and TNT were there, and they did not put in the capital for the refinancing of the airline. So that created major problems. Then they went overseas. They decided they would go only to

Asia, and the Asian crisis hit. So again there were problems. Then Virgin arrived, and Compass—which provided real competition. So we see the problems with Ansett management all the way through. Yet when those opposite speak in this House it is as if those problems did not exist. It is as if we have got one player—the Australian government. They do not talk about the Air New Zealand board, the New Zealand government, the management of Air New Zealand, or the management of Ansett. They have all disappeared out the window. We are talking about a New Zealand managed organisation, managed out of Auckland—not out of Sydney and not out of the minister's office. Which government was in power in New Zealand? Was it a conservative government that we did some deal with? Your mates across the Tasman made all the decisions, all the running.

Air New Zealand had the opportunity, when the presentation was made by Singapore Airlines, to increase the equity from 25 per cent to 35 per cent to 49 per cent. They were examining it. They went on examining it, and I cannot recall, at any stage, the New Zealand finance minister saying, 'The New Zealand transport minister is standing in our way. He won't cooperate. He won't give these agreements.' The Australian transport minister, John Anderson, has done a fantastic job. He has gone to New Zealand and he has met with the finance minister. He has done everything possible to try to assist in terms of this deal. He has put up two parallel proposals, one with Singapore Airlines taking more equity and the other with Qantas taking the Singapore Airlines equity and Singapore Airlines taking over Ansett. What more could he do?

If you look at the decisions that were made by the board of Air New Zealand and what the minister was advised, it becomes very clear where the responsibility lies. It lies very clearly over the Tasman. It does not lie with this government, and it certainly does not lie with this minister. You people will go out and lie about what the real situation is, but that is the fact. Only a couple of months ago, Gary Toomey talked about his grand scheme to reinvest several billion dollars in the airline. They were going to fly to London, they were going to fly to New York, they were going to fly to the west coast of the USA, they were going to fly to Tokyo, they were going to totally redevelop the airline with new aircraft, and they were going to put several billion dollars into it. My colleagues here who are members of the Friends of Tourism would remember the occasion just a couple of months ago when Gary Toomey was saying to the minister—

Mr Sidebottom—It is a national disaster! What a farce!

Mr DEPUTY SPEAKER—Order! The honourable member for Braddon!

Mr BAIRD—The board were saying they had a billion dollars. The New Zealand government had responsibility for the management of both airlines. They had the full cooperation of this minister, and he did not flinch in terms of his responsibility to them.

If we look at the events of recent times, it is clear that the New Zealand government knew only in recent days of the full seriousness of the situation with Ansett. They drew it to the attention of the minister, and the minister has attempted, by all means available to him, to provide assistance. And what has he done since? He has ensured that all of the workers' entitlements are covered. We have seen a bailout unlike any other in Australian corporate history. I believe that the minister deserves full credit and congratulations for that. He has also seen that an administrator has been appointed, and they are considering every alternative. I believe that to expect anything else of this minister is totally unrealistic. It is absolutely clear that the real responsibility for these decisions lies with the New Zealand government and the board of Air New Zealand—not the minister for transport or this government.

Mr KATTER (Kennedy) (4.51 p.m.)—I rise to speak on a subject which is of very great importance to the kind of electorate that I represent, where maybe a third of the entire population of 140,000 people live in small towns on the gulf and in the midwest of Queensland. An often travelled path of mine—the Cape York Peninsula—has lost all of its services as a result of the collapse of

Ansett. Two-thirds of our services have been lost. When I received the news on Friday morning, there was no plane leaving the Mount Isa area until Sunday afternoon. So there were three days when 25,000 people could not leave that area. Clearly this is a most serious matter. The opposition is right in saying that there has been a collapse of one of the biggest corporations in Australia. It has left the services in Australia virtually in chaos. It is a little early to start pointing the finger, but clearly the minister has to shoulder responsibility for a dysfunction in his area of responsibility.

When I was northern development minister, K.F. Fisheries—a very small operation in Townsville with some 70 jobs—announced their closure. We immediately went up and spent the best part of a week negotiating a deal that would keep them going; similarly with the meatworks at Cape River. It may have been impossible in this case. However, I think the minister has been entirely badly advised. He continues to say that he did not know what was occurring. I cannot think of anything that would enrage the Australian people more than his saying, 'I did not have knowledge of what was about to happen.'

I think it is a little early to judge the minister as to whether or not there was a contingency plan in place. I most certainly did not have any contingency plan for the 25,000 people that live in that area and who for those three days were stranded 800 kilometres away from the nearest city, Townsville. You might say that some pain must be taken in these situations. But, if the minister did not know, clearly that is an act of incompetence. If the minister knew and did not have a contingency plan in place, that is a gross dereliction of duty. It is too early to judge the minister on the second element of that. We will be pleased if some effective contingency plan is put in place.

The reason for my continual anger and rage in this place is that the free market system is constantly urged upon us by both sides of this House. The Leader of the National Party of Australia is one of the greatest exponents of the free market system. Here, yet again, following the motor vehicle industry and the dairy industry, we can see the free market system working. The giant corporations—almost invariably foreign owned—can make a playground and make pawns of the rest of us. If we cast our minds back some considerable years—before all this stupidity and this obsession with 18th century and 19th century laissez faire capitalism started—we will recall that this country had an Australian owned airline system. My grandad was one of the very early investors in Qantas. Qantas was started in my own home town, in my backyard, at Cloncurry. We had an airline system that was entirely Australian owned. Ansett and Qantas were entirely Australian owned. We had by far and away the safest airline system in the world. We had an airline system that was not good but moderately efficient.

Then along came the economic rationalists, the free marketeers and the corporates. They told us that an open skies policy would be wonderful for us. We now can assess whether it has been wonderful for us. A considerable number of Ansett planes and a number of Qantas planes have been grounded because of violations of safety. The press has constantly reported on safety issues with respect to these airlines. I have never seen that before in my lifetime. We once had a moderately efficient service; at the moment we have utter chaos. The airline system was once Australian owned; it seems now that the principal carriers will be Virgin, which is entirely overseas owned, and Qantas, of which the controlling interest is with British Airways. I am told that, if you own 15 or 20 per cent of a big corporation like that, you have a controlling interest.

So that is the outcome. Policies must be judged on their outcomes. Ministers must accept the responsibilities that have been handed to them on the piece of paper they get from the Governor-General on behalf of the Australian people. Virgin has undoubtedly brought benefits to the people living in the capital cities of Australia. I do not know how much of the Australian market Virgin took—a quarter, a twentieth or whatever. But, clearly, the cost structures for Qantas and Ansett remained virtually the same, and yet their incomes dropped dramatically as people went across to Virgin. So we had a

situation where something was going to break. Clearly, the more marginal operations in Australia would have to close down. As I have said in this place on numerous occasions, privatisation and deregulation mean that all services must stand as user-pays services. We simply do not have the population density in rural and regional Australia to keep these services going without any help.

On top of this is the grossest injustice, which I have mentioned many times before in this House. Every single member representing electorates like mine should mention this continually. I am probably one of the few people who ever read Fred Hilmer's report on transport. I think it was published in 1989. I was opposition spokesman in the state parliament at the time, and I read the report from cover to cover. If you delineated all the figures he had there, it indicated that the annual losses on the commuter transportation systems in Australian cities were $4,000 million. When people go to work in the metropolitan areas of Australia, they enjoy subsidy levels of $4,000 million a year. I was corrected the other day by a senior public servant. He said, 'No, those figures are old. They come from the Hilmer report.' I said, 'Yes, they do.' He said, 'It is more like $6,500 million a year now.' Undoubtedly, the losses have increased.

When people go to work of a morning in the great cities of Australia, they enjoy a subsidy level of $6,500 million a year. When we go to work of a morning in rural Australia, we get into a motor car that carries a 30 per cent taxation level upon it—10 per cent in GST and 20 per cent in tariffs. I am not knocking the tariffs; but they are to support jobs in the cities. All of our tariffs protecting our industries in the bush were removed. All of the tariffs in the sugar industry were removed completely, and yet the tariffs to protect city jobs were kept. So we pay 30 per cent tax on our motor car and 120 per cent tax on our petrol. Some of our shearers drive 100 kilometres to work in the morning. So do some of our miners. My own son drove 70 kilometres to work and 70 kilometres home each day when he was working as a miner.

Could we please have some compensation for the unfairness of the current system? If you read the heads of powers in the Australian Constitution, you will see that aviation is not a function of the state government; it is a function of the federal government. We were confronted with this situation in the state house when Ansett was about to close down all of its western services and the then premier said, 'You will not have any licences for the coastal run, the very lucrative Townsville, Cairns and Brisbane run.' Suddenly Mr Ansett and Mr Abeles flew up and immediately decided that the services could be supplied into regional Queensland. We used not only the stick but also the carrot because a $3½ million subsidy was provided to them. We should not have been providing that subsidy; the federal government should have been providing it. Aviation is their head of power, not ours, and that is the situation that prevails today. We would like to see the same carrot and stick used to provide us with adequate and reasonable services in rural Australia.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The discussion has concluded.

ASSENT TO BILLS

Message from the Governor-General reported informing the House of assent to the following bills:

Space Activities Amendment (Bilateral Agreement) Bill 2001

Veterans' Affairs Legislation Amendment (2001 Budget Measures) Bill 2001

Alcohol Education and Rehabilitation Account Bill 2001

COMMITTEES

Treaties Committee

Membership

Mr DEPUTY SPEAKER (Mr Jenkins)—Mr Speaker has received advice from the Government Whip that he has nominated Mr Pearce to be a member of the Joint Standing Committee on Treaties in place of Mr A. P. Thomson.

Motion (by **Mrs Bronwyn Bishop**)—by leave—agreed to:

That Mr A. P. Thomson be discharged from the Joint Standing Committee on Treaties and that, in

his place, Mr Pearce be appointed a member of the committee.

MAIN COMMITTEE

Mr DEPUTY SPEAKER (Mr Jenkins)—I advise the House that the Deputy Speaker has fixed Wednesday, 19 September 2001, at 9.40 a.m., as the time for the next meeting of the Main Committee, unless an alternative day or hour is fixed.

MATTERS REFERRED TO MAIN COMMITTEE

Motion (by **Mr Ronaldson**)—by leave—agreed to:

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

Health and Other Services (Compensation) Legislation Amendment Bill 2001

Commonwealth Inscribed Stock Amendment Bill 2001

Social Security and Veterans' Entitlements Legislation Amendment (Retirement Assistance for Farmers) Bill 2001

Migration Legislation Amendment Bill (No. 5) 2001

Employment, Workplace Relations and Small Business Legislation Amendment (Application of Criminal Code) Bill 2001

Measures to Combat Serious and Organised Crime Bill 2001

Defence Legislation Amendment (Application of Criminal Code) Bill 2001

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:

Wool International Amendment Bill 2001

Family Law Legislation Amendment (Superannuation) (Consequential Provisions) Bill 2001

Agriculture, Fisheries and Forestry Legislation Amendment (Application of Criminal Code) Bill 2001

Health and Aged Care Legislation Amendment (Application of Criminal Code) Bill 2001

Industry, Science and Resources Legislation Amendment (Application of Criminal Code) Bill 2001

Reconciliation and Aboriginal and Torres Strait Islander Affairs Legislation Amendment (Application of Criminal Code) Bill 2001

Treasury Legislation Amendment (Application of Criminal Code) Bill (No. 3) 2001

Customs Tariff Amendment Bill (No. 5) 2001

Innovation and Education Legislation Amendment Bill (No. 2) 2001

PARLIAMENTARY ZONE

Approval of Proposal

Mr DEPUTY SPEAKER (Mr Hawker)—Mr Speaker has received a message from the Senate acquainting the House that the Senate had approved the proposal by the National Capital Authority for capital works within the Parliamentary Zone, being the design and siting of the exhaust flues, a change of tree species, changes to the walkway design and staircourt, and the external lighting design of Commonwealth Place.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

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.

INDUSTRY, SCIENCE AND RESOURCES LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

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.

COMMITTEES

Selection Committee

Report

Mr NEHL (Cowper) (5.06 p.m.)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members' business on Monday, 24 September 2001.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members' business on Monday, 24 September 2001

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members' business on Monday, 24 September 2001. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN PARLIAMENTARY DELEGATION TO INDONESIA AND SOUTH KOREA, 1-14 JULY 2001: Report of the Australian Parliamentary Delegation to Indonesia and South Korea, 1-14 July 2001.

The Committee determined that statements on the report may be made — all statements to conclude by 12.40 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

2 Foreign Affairs, Defence and Trade — Joint Standing COMMITTEE: The link between aid and human rights.

The Committee determined that statements on the report may be made — all statements to conclude by 12.45 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 1 x 5 mins]

3 Foreign Affairs, Defence and Trade — Joint Standing COMMITTEE: A model for a new Army: Community comments on the 'From phantom to force' Parliamentary Report into the Army.

The Committee determined that statements on the report may be made — all statements to conclude by 12.55 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

4 National Capital and External Territories — Joint Standing COMMITTEE: Sale of the Christmas Island Resort.

The Committee determined that statements on the report may be made — all statements to conclude by 1.05 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

5 Industry, Science and Resources — Standing COMMITTEE: Getting a better return — Inquiry into increasing the value added to Australian raw materials.

The Committee determined that statements on the report may be made — all statements to conclude by 1.20 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 3 x 5 mins]

6 Family and Community Affairs — Standing COMMITTEE: Discussion paper — The social and economic costs of substance abuse.

The Committee determined that statements on the report may be made — all statements to conclude by 1.35 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 3 x 5 mins]

7 Aboriginal and Torres Strait Islander Affairs — Standing COMMITTEE: We can do it! The needs of urban dwelling Aboriginal and Torres Strait Islander peoples.

The Committee determined that statements on the report may be made — all statements to conclude by 1.45 p.m.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

8 Economics, Finance and Public Administration — Standing COMMITTEE: Competing interests: Is there balance?: Review of the Australian Competition and Consumer Commission annual report 1999-2000.

The Committee determined that statements on the report may be made — all statements to conclude 10 minutes after the resumption of Committee and Delegation Reports after Question Time.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

9 Treaties — Joint Standing COMMITTEE: Report 42 — Australia's relationship with the World Trade Organisation.

The Committee determined that statements on the report may be made — all statements to conclude 20 minutes after the resumption of Committee and Delegation Reports after Question Time.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

10 Communications, Transport and the Arts — Standing COMMITTEE: Inquiry into regional radio services in Australia.

The Committee determined that statements on the report may be made — all statements to conclude 30 minutes after the resumption of Committee and Delegation Reports after Question Time.

Speech time limits —

Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS' BUSINESS

Order of precedence

Notices

1 MR BEAZLEY: To present a bill for an Act to establish the Australian Coast Guard, and for related purposes. *(Australian Coast Guard Bill 2001 — Notice given 17 September 2001.)*

Presenter may speak for a period not exceeding 15 minutes — pursuant to sessional order 104A.

2 MR BEAZLEY: To present a bill for an Act to amend the Corporations Law and the Workplace Relations Act 1996, in order to develop corporate responsibility and to protect the entitlements of employees. (Corporate Responsibility and Employment Security Bill 2001 — Notice given 17 September 2001.)

Presenter may speak for a period not exceeding 15 minutes — pursuant to sessional order 104A.

MIGRATION AMENDMENT (EXCISION FROM MIGRATION ZONE) BILL 2001

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.06 p.m.)—I move:

That the bill be now read a second time.

The Australian public has a clear expectation that Australian sovereignty, including in the matter of entry of people to Australia, will be protected by this parliament and the government.

The Australian public expects its government to exert control over our borders, including the maritime borders to our north.

In the light of growing threats to our borders I am introducing a package of three interrelated bills today.

These bills are the Migration Amendment (Excision from Migration Zone) Bill 2001, a consequential bill and finally a bill to enhance our border protection powers and confirm that recent actions taken in relation to vessels carrying unauthorised arrivals, including the MV *Tampa*, are valid.

Before providing an overview of the objectives of each of these bills, I need to explain why we are doing this—why we are doing what the Australian public expects we should do.

Growth of unauthorised boat arrivals

We all know about the dramatic increase over the past few years in the number of unauthorised people who have been arriving in Australia by boat—we read about it every month in our newspapers.

In the late 1970s we had some unauthorised boat arrivals from Vietnam, in the late 1980s some from Cambodia, and in the mid-1990s some from the People's Republic of China.

However, these were comparatively small in numbers, and importantly Australia could have been considered as a country of first asylum for people fleeing some of these countries.

What has changed since then has been the growth of organised criminal gangs of people smugglers who are motivated not by any desire to help others, but by base motives of greed.

This form of organised crime is found throughout the world and preys on people who are unwilling, for whatever reason, to go through normal procedures for entry to the country of destination.

Many of the people moved around the world by these smugglers have either no protection needs or have bypassed effective protection arrangements in countries closer to their home, simply so they can achieve their preferred migration outcome.

To give some indication of the way in which people-smuggling has affected Australia, in the financial year 1998-99 there

were 921 unauthorised arrivals by boat on Australian shores.

In the financial year 2000-01 this number had increased to 4,141 unauthorised arrivals.

In the last full calendar month—August 2001—no fewer than 1,212 people arrived in an unauthorised way on Australian shores.

Work of government to combat people smuggling

So it is apparent that these criminal gangs have been targeting Australia, among other countries.

We as a government have worked assiduously to counter this evil trade.

We are working with other governments and with international organisations towards prevention of the problem by minimising the outflows of people from countries of origin and secondary outflows from countries of first asylum.

We are also working with other countries to disrupt people smugglers and intercept their customers en route to their destination.

I tabled earlier today a copy of a paper that I recently released that details the work we have been undertaking.

However, regardless of much effort by many governments, law enforcement agencies and international organisations, the illegal trade in people-smuggling persists.

The smugglers don't care what happens to the people who get on boats arranged by them.

They don't care what happens to the boats themselves.

They don't check to see whether the people being smuggled are criminals or genuine asylum seekers.

The only thing they care about is getting paid.

According to media reports, there are at least another 5,000 people currently in Indonesia, and possibly additional numbers in Malaysia, who are waiting for arrangements to be finalised with the people smugglers for travel to Australia by boat.

Further media reports indicate that the smugglers are determined to collect their payments and continue their dirty business.

We also know that the steps we have taken, and will take, to front up to the most recent arrivals are being watched as a sign of how determined we are to deal with these questions.

We have to act to show our strong determination that these smugglers do not get their own way.

The Australian public demands it.

The government is determined to stop these smugglers, and this package of bills is an important measure in achieving these goals.

More important than public perception and the issues of sovereignty ought to be our capacity to help those who have the greatest need for a protection outcome where the opportunities are diminished when smugglers effectively steal the places.

The third in this package of bills will provide for minimum mandatory sentences for people convicted of people-smuggling offences under the Migration Act.

The changes will provide that repeat offenders should be sentenced to at least eight years imprisonment, whilst first offenders should be sentenced to at least five years.

Those provisions will send, in my view, a very important red light to would-be people smugglers.

This first of the three bills is designed to fulfil the commitment the Prime Minister made on 8 September to excise some Australian territories from the migration zone.

The territories principally involved are the Ashmore and Cartier Islands in the Timor Sea, Christmas Island in the Indian Ocean, and offshore resource and similar installations.

The government has also decided that the territory of the Cocos (Keeling) Islands should be excised from the migration zone with effect from noon yesterday, 17 September.

These territories will become 'excised offshore places', which will mean that simply arriving unlawfully at one of them will not be enough to allow visa applications to be made.

The effects of this bill will be limited only to those who arrive without lawful authority.

Australian citizens and others with authority to enter or reside in the territories will not be affected.

I will shortly be introducing the second in this package of bills, which will deal with consequential matters flowing from the decision to excise these territories from the migration zone.

The third bill that I will introduce today will deal with validation of the government's actions in relation to vessels carrying unauthorised arrivals, such as the MV *Tampa*, and to enhance our border protection powers.

The package should not be misinterpreted as 'fortress Australia' legislation.

Australia will continue to honour our international protection obligations.

We can be, and we are, justly proud of our immigration record and our welcome to settlers from all over the world who have come to Australia lawfully.

Since 1945, almost 5.7 million people have come to Australia from other countries.

Almost 600,000 of those have come to Australia under our refugee and humanitarian programs.

Today, nearly one in four of Australia's 19 million people were born overseas.

Australian society has embraced people from around 150 different ethnic groups and nationalities.

A central part of Australia's commitment to migration has been its open and generous refugee resettlement programs.

On a per capita basis, Australia is second only to Canada in its generosity to refugees and people of humanitarian concern.

Australia's record is impressive against any measure and has been achieved by the determination of many governments to ensure that our programs are transparent and fair.

However, the success of migration to Australia also depends on the integrity that our programs have demonstrated.

This integrity cannot be maintained if Australia's maritime borders can be crossed at will.

The message that we, as a country, want to send has two elements:

Australia is a country whose nation building record owes much to those who migrate here, and we will continue to welcome those whom we invite.

But we will not tolerate violation of our sovereignty and we are determined to combat organised criminal attempts to land people illegally on our shores.

In summary, this is an important package of bills for both the government and the Australian people.

It will significantly reduce incentives for people to make hazardous voyages to Australian territories.

It will help ensure that life is made as difficult as possible for those criminals engaged in the people smuggling trade.

Most of all, it will ensure that the integrity of our maritime borders and our refugee program is maintained.

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

Debate (on motion by **Dr Martin**) adjourned.

Ordered that the resumption of the debate be made an order of the day for the next sitting.

MIGRATION AMENDMENT (EXCISION FROM MIGRATION ZONE) (CONSEQUENTIAL PROVISIONS) BILL 2001

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.17 p.m.)—I move:

That the bill be now read a second time.

This bill is the second in a package of three bills designed to ensure that Australia has

control over who crosses our maritime borders.

The purpose of this bill is to make some consequential amendments to the Migration Act and migration regulations following the excision of some Australian territories from the migration zone in respect of unauthorised arrivals.

The clear message of the bill is that people who abandon or bypass effective protection opportunities will not be rewarded by the grant of a permanent visa for Australia.

There are over 22 million refugees and people of concern to the UNHCR worldwide and limited resources available to assist them.

The refugees convention does not confer a right on any of these people to choose their country of asylum.

It is clearly up to Australia to determine who can cross our borders, who can stay in Australia, and under what conditions such people can remain.

This bill therefore provides strengthened powers to deal with people who arrive unlawfully at one of the territories beyond the migration zone.

These include powers to move the person to another country where their claims, if any, for refugee status may be dealt with.

Related provisions in the bill will preclude the institution of legal proceedings relating to such people in any court—apart from the High Court of Australia.

Finally, the bill amends the migration regulations to implement a visa regime aimed at deterring further movement from, or the bypassing of, other safe countries.

It does this by creating further disincentives to unauthorised arrival in Australia by those who seek to use people smugglers to achieve a resettlement place they may well not need—a place taken from refugees with no other options available to them.

Unauthorised arrivals and those who leave their countries of first asylum will be able to be granted only temporary visas for Australia.

They will not have any family reunion rights.

For people such as those who have recently attempted to enter Australia by boat there will be no access to permanent residence, and their period of stay on temporary visas will be limited to three years, after which their situation will be reassessed.

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

Debate (on motion by **Dr Martin**) adjourned.

Ordered that the resumption of the debate be made an order of the day for the next sitting.

BORDER PROTECTION (VALIDATION AND ENFORCEMENT POWERS) BILL 2001

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.20 p.m.)—I move:

That the bill be now read a second time.

This bill is the third in a package of three bills designed to ensure that Australia has control over who crosses our maritime borders.

The purpose of this bill is to enhance our border protection powers and to confirm that recent actions taken in relation to vessels carrying unauthorised arrivals to Australian waters are valid.

Those who enter our territorial waters contrary to an express direction from the government should not be rewarded by being allowed to stay in our waters or, even worse, by having the opportunity to enter our land territory.

This legislation will ensure that there is no doubt about the validity of our border control powers and the government's actions in relation to vessels such as the MV *Tampa*.

The protection of our sovereignty, including Australia's sovereign right to determine who shall enter Australia, is a matter

for the Australian government and this parliament.

Consequently, sections 4, 5 and 6 ensure that actions taken in relation to the MV *Tampa* since 27 August this year are taken for all purposes to have been lawful when they occurred.

This also extends to actions taken in relation to the '*Aceng*', a boat from Indonesia which later attempted to enter Australian waters near Ashmore Reef.

The bill will also enhance the border protection powers found in the Customs Act and the Migration Act, including the provision of powers to move vessels carrying unauthorised arrivals and those on board.

It is essential to have these powers.

They will be exercised in line with our international maritime obligations to ensure the safety of those concerned.

The maintenance of Australia's sovereignty includes our sovereign right to determine who will enter and reside in Australia.

The provisions in this bill are overwhelmingly in Australia's national interest.

In fact, one of the great enduring responsibilities of a government is to protect the integrity of the nation's borders.

Finally, the bill provides mandatory sentencing arrangements for people convicted of people-smuggling offences under the Migration Act.

These offences apply where five or more people are smuggled and carry a maximum sentence of 20 years imprisonment.

The changes will provide that repeat offenders should be sentenced to at least eight years imprisonment, whilst first offenders should be sentenced to at least five years.

The mandatory sentencing arrangements will not, however, apply to minors.

I commend this bill to the chamber. Let me say that the bill embodies, where appropriate, all of the provisions included in the former bill dealing with border protection, a bill that failed to pass in another place.

This bill includes new provisions because of the situation that has followed since then. It is a bill that ought to be supported. It is clearly in the national interest. Along with the other package of measures, I hope that this bill will be afforded prompt and speedy passage through this chamber and the other, so that there can be no ambiguity about where we stand on these issues.

While I am addressing these questions, let me say that there are three other bills—Migration Legislation Amendment Bill (No. 6) 2001, the bills dealing with judicial review in relation to migration matters generally and the class actions legislation—which all ought to be passed during these sitting weeks, if we are serious about dealing with these issues. I table the explanatory memorandum.

Debate (on motion by **Dr Martin**) adjourned.

INTERNATIONAL MARITIME CONVENTIONS LEGISLATION AMENDMENT BILL 2001

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be taken into consideration forthwith.

Senate's amendments—

(1) Schedule 3, item 15, page 33 (lines 16 to 22), omit paragraph (1)(c), substitute:

(c) such a discharge cannot occur without the commission of an offence against subsection 9(1) or (1B) or of an offence against a law of a State or Territory;

(2) Schedule 3, item 15, page 33 (line 30) to page 34 (line 6), omit paragraph (3)(b), substitute:

(b) such a discharge cannot occur without the commission of an offence against subsection 9(1) or (1B) or of an offence against a law of a State or Territory;

(3) Schedule 3, item 24, page 36 (lines 6 and 7), omit ", if he or she is of the opinion that it is reasonable to do so,".

(4) Schedule 3, item 24, page 36 (line 12), at the end of subsection (1), add "if the officer has reason to believe that retention of the oil or oily mixture would create a risk of discharge from the ship into the sea".

(5) Schedule 3, item 71, page 43 (lines 24 and 25), omit ", if he or she is of the opinion that it is reasonable to do so,".

(6) Schedule 3, item 71, page 43 (line 30), at the end of subsection (1), add "if the officer has reason to believe that retention of the liquid substance or mixture would create a risk of discharge from the ship into the sea".

(7) Schedule 3, item 105, page 51 (lines 11 and 12), omit ", if he or she is of the opinion that it is reasonable to do so,".

(8) Schedule 3, item 105, page 51 (line 16), at the end of subsection (1), add "if the officer has reason to believe that retention of the sewage would create a risk of discharge from the ship into the sea".

(9) Schedule 3, item 126, page 58 (lines 28 and 29), omit ", if he or she is of the opinion that it is reasonable to do so,".

(10) Schedule 3, item 126, page 58 (line 33), at the end of subsection 26FE(1), add "if the officer has reason to believe that retention of the garbage would create a risk of disposal from the ship into the sea".

Motion (by **Mrs Bronwyn Bishop**) agreed to:

That the requested amendments be made.

BANKRUPTCY LEGISLATION AMENDMENT BILL 2001

Cognate bill:

BANKRUPTCY (ESTATE CHARGES) AMENDMENT BILL 2001

Second Reading

Debate resumed from 30 August, on motion by **Mr Williams**:

That the bill be now read a second time.

Mr FITZGIBBON (Hunter) (5.27 p.m.)—Last sitting fortnight I was 15 minutes into a 20-minute contribution on the Bankruptcy Legislation Amendment Bill 2001. Members of the House will recall that the honourable member for Barton, the shadow Attorney-General, had moved a second reading amendment highlighting the government's failure to introduce the GST in a sensible and practical way that would be acceptable to the small business community—thereby significantly forcing up small business bankruptcies in this country. I understand that the member for Barton may also be moving some amendments in the consideration in detail stage of this bill.

In the short time available to me, I should say that it is in a sense fortuitous that the House did not get the opportunity to complete debate on this bill last time we were in session, because much has changed in the Australian economy in the last two weeks, in particular with respect to the small business sector. The first and most obvious change is the tragic collapse of the Ansett airline company. The second change is that prices in the US will have ramifications not only in human terms but also in economic terms. Those economic ramifications will reverberate right around the globe, including here in Australia, where they will flow on to the small business sector. That will require a response from the government, particularly in the tourism sector, 85 per cent of which is made up of small businesses.

Another thing that has occurred since this bill was last debated is the release of a report only this morning by CPA Australia. The CPA tells us that, as a result of the GST, cash flow has significantly declined for small businesses in the last 12 months. You do not have to hold a masters of business administration to understand that cash flow is a critical issue for small business and that, without that sort of liquidity, small businesses cannot survive.

The GST has starved small businesses of cash flow. It has done so in a number of ways, including the fact that small firms have been forced to absorb the price impact of the GST. There are two reasons for this. The first is that the government of the day has been waving a big stick at them, threatening fines of up to $10 million for those who dared to seek to capitalise on the new GST system. So many small businesses took a cautious approach and, rather than run the risk of a fine after action commenced by the ACCC, decided it was safer to absorb the price impact. The second reason is that the GST, as every member of this House well knows, falls most heavily on small firms. The compliance cost burden is of a much greater proportion for a small firm than it is for a large firm.

The CPA survey has confirmed for us today what we have known for some time now—that is, the GST has bitten well into small business cash flow. As the Dun and Bradstreet survey which I made reference to during the last sitting fortnight when this debate commenced indicated quite clearly, that cash flow crisis has had an impact on small firms and has led to a rise in bankruptcies. It is fortuitous that the debate on this bill was not completed in the last sitting fortnight, because we have had the opportunity to gather more evidence that the GST has been a significant issue for small business with respect to cash flow, which has caused a rise in small business bankruptcies in this country. The other thing that has occurred since the last debate is the release of a report called *Business priorities 2001* released by Australian Business Ltd, who I understand are in Canberra today, tonight and maybe tomorrow. They point out what the small business minister's leaked cabinet submission pointed out: that the GST is still biting in the Australian community and that much more needs to be done.

I want to reaffirm the Labor Party's commitment on this issue. As I said, there is no shortage of evidence that the GST has bitten within the small business community—not all small businesses; I am always happy to concede that. I have always said that the impact will fall unevenly across small firms, but the issues are out there and the opposition does not accept for one moment that more cannot be done to ease the compliance cost burden on small business. As far as rollback is concerned, for small business rollback means rolling back that compliance cost burden and the complexity as it falls upon small firms. It is time that the Minister for Small Business stopped apologising to small business people and started to talk about ways of addressing that issue, as he did in his leaked submission. However, in the same submission he failed to put forward any initiatives whatsoever to address those issues.

This is a crisis for small business in the tourism sector, particularly for those in the regions. Ansett had about 64 per cent of market share in the airline industry in regional Australia, so a real void has opened up there and a real threat exists for the tourism sector in regional Australia. I should mention the fact that the Tourism Task Force is having an industry leaders conference in Canberra in this building tomorrow, and I welcome the representatives attending that conference. Let us hope that throughout the day the government will show a preparedness to talk to the industry about the enormous challenges facing the sector. They include not only the GST itself but also the fall in the Australian dollar and what that has done to the purchasing power of the Australian Tourist Commission, new and growing international competition, the very tragic crisis in the US and now the demise of Ansett.

I take this opportunity, as I did not have an opportunity in the condolence debate moved by the Prime Minister, to extend my very sincere sympathy to the families and friends of all those who have lost their lives in that great tragedy and to all of those who are sitting at home or in the workplace still awaiting news of the fate of their families and friends.

Mr WILLIAMS (Tangney—Attorney-General) (5.35 p.m.)—In summing up this debate, I propose to refer both to the second reading motion moved by the member for Barton and to the subject of the debate on the bill proper. The government does not support the amendment to the second reading motion proposed by the member for Barton. The member claimed that the introduction of the new tax system has caused a significant increase in the number of bankruptcies, and he quoted statistics from Dun and Bradstreet that bankruptcies for the June 2001 quarter are 32 per cent higher than for the corresponding quarter in 2000. The member for Hunter made the same claim.

It is oft said that there are lies, damned lies and statistics, and perhaps we should add a fourth category: statistics quoted by the opposition which would be beyond even the standard view of statistics. Labor is always quick to selectively quote statistics, but its claims only deserve to be taken seriously if the comparisons made are meaningful. The member for Barton neglected to mention that

the number of new bankruptcies rose only marginally from 23,298 to 23,907 over the financial year—a rise of only 2.6 per cent. If the GST were to blame for increased personal bankruptcies, you would expect the 2000-01 figures to be higher than in any recent year. The truth is that the 2000-01 figures remain significantly lower than those registered two years ago. Total business related personal bankruptcies have increased by nine per cent in the 2000-01 financial year when compared with the 1999-2000 financial year, rather than the 177 per cent quoted by the member for Barton. However, business related personal bankruptcies in 2000-01 are 12 per cent lower than for the 1998-99 financial year. This comparison shows that a single-year comparison does not necessarily give any accurate reflection of a trend.

The member for Barton mentioned that he was quoting evidence from experts at the coalface. However, information available to the Insolvency and Trustee Service of Australia, where all new bankruptcies are registered, suggests that the GST has had no significant impact on people becoming bankrupt. In the almost 14,000 bankruptcies in the six months to 30 June 2001, the GST was mentioned as a cause of bankruptcy on only 35 occasions. For instance, ITSA officers have reported only eight mentions of the GST on statements of affairs in New South Wales, 15 in Queensland, four in Victoria, two in South Australia and six in Western Australia. In addition, only 1,696 of the business bankrupts attributed the cause of their bankruptcy to economic conditions during the 2000-01 financial year.

Other professionals in the industry have also downplayed the impact of the GST on insolvencies. The then president of the Insolvency Practitioners Association of Australia, Mr Stephen Parbery, was quoted in the *Australian Financial Review* of 12 June 2001 as saying that he had not seen one business failure yet as a result of the GST. It is also significant to note that the majority of new bankruptcies continue to be in the non-business consumer credit area. Business bankruptcies represented only 18.6 per cent of bankruptcies in the 2000-01 financial year.

Parts 3 and 4 of the amendment moved by the member for Barton condemn the government for failing to act to stop tax avoidance. However, this reform package does contain measures to address community concerns about those who use bankruptcy to avoid their tax liabilities. The Bankruptcy Legislation Amendment Bill 2001 is not primarily directed at the issue of abuse of the bankruptcy laws by high income bankrupts such as barristers and other professionals, but it does do so in one significant respect. Section 153B of the Bankruptcy Act 1966 currently permits the court to annul a bankruptcy if the petition ought not to have been either presented or accepted. Item 156 of this bill makes clear that the court may annul a debtor's petition for bankruptcy whether or not the bankrupt was insolvent when the petition was presented. Therefore, on application by a creditor such as the Australian Taxation Office, the court might annul the bankruptcy of a high income professional who technically is insolvent but who could have chosen to meet unpaid taxation obligations.

More broadly, in March this year the Assistant Treasurer and I established a task force to report to ministers on whether any changes are needed to the bankruptcy and taxation laws to ensure that the bankruptcy law cannot be used to avoid tax obligations. The task force includes representatives from the Attorney-General's Department, the Insolvency and Trustee Service of Australia, the Australian Taxation Office and Treasury. It will consult with the Australian Federal Police and the Director of Public Prosecutions and report shortly about the best way to address community concerns about such bankruptcies.

Bankruptcy is designed to give people in severe financial difficulty relief as a measure of last resort from overwhelming debts. Bankruptcies have trebled in the decade until the 1997-98 financial year and have remained at high levels since then. Almost all of the increase has been in the non-business consumer bankrupt category. Clearly, greater numbers of consumer debtors are choosing bankruptcy as a way of resolving their financial problems. The government is concerned

to ensure as far as possible that these people are properly informed when making such an important decision as entering into bankruptcy.

The Bankruptcy Legislation Amendment Bill 2001 and the Bankruptcy (Estate Charges) Amendment Bill 2001 will amend Australia's bankruptcy laws to address concerns that bankruptcy is too easy, and to better balance the interests of debtors and creditors. The reforms contained in these bills are designed to encourage people contemplating bankruptcy to consider the seriousness of the step they are about to take and to consider alternatives to bankruptcy. They will also give creditors a better opportunity to negotiate with debtors after a bankruptcy petition is accepted but before bankruptcy takes effect.

The member for Barton asserted that there had been insufficient consultation with credit counsellors prior to the introduction of these bills. I am pleased to inform the member that the reforms proposed in the bills were developed following more than two years of consultation with various stakeholders in the personal insolvency field. In particular, there has been consultation with members of the Bankruptcy Reform Consultation Forum, a peak consultative body I established in 1996 to facilitate better consultation between the Insolvency and Trustee Service of Australia and key groups with a stake in the bankruptcy laws.

One member of the forum is the Australian Financial Counsellors and Credit Reference Agency. This agency represents precisely the financial counselling organisations which the member for Barton claims were not consulted. In addition, the proposals contained in this reform package have received wide community support, including from the Law Council of Australia and Credit Union Services Corporation Australia Ltd, the peak industry body for Australian credit unions.

The government also welcomes the report of the Senate Legal and Constitutional Legislation Committee into the bills. The committee has recognised that the proposed amendments will achieve the government's aim of preventing people using bankruptcy in a mischievous or improper way and of encouraging people who can or should avoid bankruptcy to consider other options. I thank the committee and its secretariat for its work in examining the bills. I am pleased that the committee recommended that the bills be passed, although I note that Labor senators opposed the proposed abolition of early discharge from bankruptcy—that is, for eligible bankrupts, discharge after six months—as Labor members have in the debate. I will return to this issue later.

Amendments contained in the bill will introduce a 30-day cooling-off period after the filing of most debtors' petitions before bankruptcy can occur. I note that one of the recommendations of the Senate Legal and Constitutional Legislation Committee was that the cooling-off period be reviewed after three years. The government agrees with this recommendation of the committee.

The members for Barton and Gellibrand criticised the proposed extension of the cooling-off period on the ground that it would have no practical effect. The government has proposed this amendment to allow debtors who have acted too hastily in petitioning for bankruptcy to reconsider their decision. Additionally, complaints to ITSA by small business creditors have indicated that currently they are given no chance to negotiate with their debtors to set up, for example, fresh repayment schedules or perhaps a consolidation loan. The first creditors are aware that the debtor is unable to pay is when they are presented with a notice from ITSA of the bankruptcy. The proposed amendments will afford creditors this opportunity to negotiate. These are the practical effects that the amendment is designed to achieve.

The reforms also propose to give the official receiver a discretion to reject debtors' petitions that are a blatant abuse of the bankruptcy system when it is clear that the debtor is solvent and has singled out one creditor for non-payment or where the debtor is a multiple bankrupt. The exercise of this discretion will be subject to external administrative review. The bill will strengthen the trustee's powers to object to the automatic discharge from bankruptcy of uncooperative

bankrupts. The strengthening of the trustee's objection to discharge powers is directed at the intentional failure by a bankrupt to cooperate with his or her trustee and deliberate attempts by the bankrupt to impede the trustee's administration of the estate.

I foreshadow that I will be introducing amendments to the bill today to ensure that all trustees' objections to discharge will be reviewable. The bill currently allows reviews of all special ground objections except those filed on the special ground that the bankrupt has not paid to the trustee an assessed income contribution. This restriction was intended to ensure that bankrupts whose income allegedly comprised largely non-cash benefits from friends and family could not argue as a reasonable excuse for failing to pay a contribution assessment that they had no cash with which to pay it. However, it would also apply to a bankrupt who failed to pay a contribution assessment for a legitimate reason. A proposed amendment to the bill will remove this restriction on review.

The reforms contained in the bill relating to objection to discharge provisions will then overcome a deficiency in the present law which can encourage a bankrupt to cooperate with the trustee only at the last moment—that is, when a review hearing is imminent. Reforms contained in the bill will also confirm the court's power to annul a debtor's petition bankruptcy even if the debtor was insolvent when petitioning. This measure is directed at high income earners who have chosen to not pay a particular creditor—for example, the Australian Taxation Office—and then petition for bankruptcy to extinguish the debt. The bill makes clear that in such a situation the court would be able to annul the bankruptcy as an abuse of process despite the fact that the debtor technically was insolvent. The bill proposes to double the income threshold for debt agreements to $61,000 after tax, to encourage more people to consider the debt agreement option as an alternative to bankruptcy. The practical utility of debt agreements is restricted at present by the relatively low income threshold which applies. Doubling it will make the debt agreement alternative available to a much larger group of debtors.

Another major proposal contained in the bill, the repeal of the early discharge provisions, will address unfairness and anomalies in the early discharge arrangements and allay concerns that some debtors do not think seriously enough about the decision to declare themselves bankrupt. Labor's proposed amendment to retain the early discharge scheme while extending it from six months to two years will not address the inherent unfairness and anomalies in the scheme. We will oppose the proposed amendment. Claims by Labor that retaining early discharge would allow low income bankrupts to recover quickly miss the point. It is bankruptcy and not discharge, early or otherwise, which gives debtors relief from their creditors and the fresh start they need. The loss of access to credit is the most obvious impact of bankruptcy; and the names of all bankrupts, whether discharged or not, remain on the Credit Advantage database for seven years and on the ITSA public database permanently.

The members for Barton and Gellibrand claimed that there is insufficient evidence as to the need for abolition of early discharge. When early discharge was introduced by Labor in 1992, it was argued that keeping low income debtors bankrupt for three years served no useful purpose if their bankruptcy was due more to misfortune than misdeed, or unless it was commercially reprehensible behaviour. However, the qualifying criteria established by Labor have not been an adequate test of whether the bankruptcy indeed arose from misfortune rather than misdeed. Approximately 60 per cent of bankrupts are eligible for early discharge. There is no evidence to suggest that the remaining 40 per cent of bankruptcies were due to misdeed rather than misfortune. For example, a debtor with sufficient assets to pay a dividend or sufficient income to make a contribution is not intrinsically any less deserving of early discharge than a person with neither assets nor sufficient income to attract a contribution liability. At the same time, a bankrupt who has deliberately incurred debts with no capacity to pay them could quite easily qualify for early discharge, yet their conduct may well be described as misdeed or commercially reprehensible behaviour.

The current early discharge provisions are discriminatory in other ways. Where a bankrupt couple has joint debts, the male bankrupt will often get early discharge while the female, generally with a lower income than the male, may not be eligible for early discharge as she will fail the test requiring that her debts be not more than 150 per cent of her income. Early discharge has not worked as intended and, instead, undermines the credibility of the bankruptcy system. The repeal of the early discharge provisions will address unfairness and anomalies in the early discharge arrangements and remove a disincentive for debtors to consider options other than bankruptcy.

Other changes will streamline the administration of bankruptcies by trustees and improve the operation of the act. For example, the bill will further streamline meeting procedures, simplify the mechanism for changing trustees and allow the inspector general to examine the affairs of debt agreement administrators. I foreshadow that I will be introducing an amendment to the bill to correct an unintended consequence of an application provision. The bill proposes that the Inspector General in Bankruptcy may require a trustee who no longer has the ability, including knowledge, to perform satisfactorily the duties of a registered trustee to provide a written explanation why he or she should continue to be registered. The proposed amendment to the bill will ensure that the inspector general can require such an explanation from all trustees, not just trustees who are registered after the bill comes into effect.

The Bankruptcy (Estate Charges) Amendment Bill 2001 is the second and smaller bill in the government's bankruptcy reforms package. It will address anomalies in the way the realisations charge is applied, align charge periods with the financial year and close some charge avoidance opportunities. The reforms proposed by the two bills will amend Australia's bankruptcy laws to address concerns that bankruptcy is 'too easy' and to better balance the interests of debtors and creditors. They will encourage people contemplating bankruptcy to consider alternatives to bankruptcy. By restoring fairness to the bankruptcy system, we will promote confidence in it. I commend the bill to the House.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr McCLELLAND (Barton) (5.53 p.m.)—I move opposition amendment (1):

(1) Schedule 1, item 154, page 39 (lines 22 and 23) omit the item, substitute

154 Subsection 149S(1)

Omit "6 months", substitute "2 years".

This amendment proposes to omit from subsection 149S the reference to a six-month period and to substitute it with a two-year period. This would replace the government's amendment to remove that early discharge provision entirely. The reason the opposition is proposing this is that there is a category of persons who are doing it tough in the community. There is, in many circumstances, no benefit to be obtained by keeping those people bankrupt for an undue period of time. In particular, the criteria for early discharge that were introduced into the act were threefold: firstly, the bankrupt did not have sufficient divisible property to enable a dividend from that property to be paid; secondly, the bankrupt did not dispose of any property in a transaction that was set aside by the trustee in bankruptcy; thirdly, and importantly, the bankrupt earns an income that is less than the actual income threshold amount that is applicable to him or her at the time of early bankruptcy—that is, the threshold amount over which a dividend must be paid to creditors.

There are also disqualifying criteria. Those disqualifying criteria exclude from early discharge: firstly, a bankrupt who has previously been bankrupt; secondly, a bankrupt whose unsecured liabilities exceed 150 per cent of his or her income in the year prior to the date of bankruptcy—that would indicate a tendency to a spending splurge or recklessness in the management of their finances; thirdly, where more than 50 per cent of the bankrupt's unsecured liabilities are attributable to the conduct of the bankrupt's

business activities; fourthly, and finally, where the bankrupt has given false or misleading information about his or her assets or liabilities. The key feature of the early discharge provisions is that they were designed to deal with the increasing number of consumer bankruptcies that were due more to misfortune than to misdeed.

The opposition notes that, when introducing the bill, the Attorney-General had a different view. He said, and I think this is an accurate quote:

> The provisions were targeted at a new category of bankrupt—consumer debtors with low asset backing who overextend and then cannot repay their debts. However, many believe that bankruptcy in this group is due more to the lack of financial responsibility than misfortune.

That is really quite a harsh statement in the context of those instances that I went through in the second reading debate. There are many instances of bankruptcy that have resulted from unemployment or loss of a business connection when they are attached to a major corporation that has become insolvent. A number of things can cause an increase in the bankruptcy. The opposition argued that the impact of the GST itself had placed a greater burden on consumers.

It is simplistic to say that all bankruptcies, particularly those in the lower income threshold group, are due to misdeed as opposed to misfortune. For those reasons, it is fair and equitable that there be early discharge provisions. The opposition recognises that there is substance in the argument that six months may not provide sufficient disincentive to people becoming bankrupt and may not encourage them to think about coming to alternative arrangements with creditors but, overall, the substitution of the six-month period with a two-year period is an appropriate compromise and will provide balance to the situation.

Mr WILLIAMS (Tangney—Attorney-General) (5.57 p.m.)—As I intimated, the government opposes this amendment. In the second reading debate, the member for Barton and the members for Gellibrand and Hunter spoke with some passion and indignation that the government was deliberately scapegoating low-income first-time bankrupts with its proposal to abolish early discharge. I think those statements demonstrate a lack of understanding of the reasons behind the government's proposals. In my summing up speech, I gave the reasons for the inequitable operation of the early discharge provisions and pointed out that they do not achieve the objectives they were designed to achieve. I do not think anything the member for Barton has said really addresses those issues, and the government continues to oppose the amendment. The government's amendments will reduce the unfairness in the system by restoring a uniform term of bankruptcy for all debtors.

Amendment negatived.

Mr McCLELLAND (Barton) (5.59 p.m.)—I move opposition amendment (2):

(2) Schedule 1, item 205, page 50 (lines 13 and 14) omit the item, substitute

205 Subsection 265(8)

After "has contracted a debt", insert "(other than in respect of reasonable and necessary household or personal expenses)".

This is a straightforward amendment. It is designed to amend section 265(8) of the Bankruptcy Act, which essentially makes it an offence for a bankrupt, or a person who becomes bankrupt, to have contracted a debt of an amount of $500 or more during the preceding two-year period. The government proposes to amend section 265(8) by removing the reference to the minimum threshold requirement of $500. Our concern is that that could have very harsh effects when you consider that bankruptcy, as opposed to corporations insolvency provisions, applies to individuals. Clearly, individuals can face expenses which are in the nature of essential items or, indeed, in many instances, survival expenses which could exceed that $500 threshold. Those categories could be, for instance, rental bonds, medical treatment, kids' dental treatment, water rates and electricity charges.

We appreciate that the government wants to introduce its amendments to make the bankruptcy laws consistent with corporations insolvency provisions but, as I have pointed out, individuals are not corporations—they will have essential day-to-day expenses

which are literally for their survival or that of their family members. We do, however, recognise that the current provisions could facilitate a situation where a person could irresponsibly go on a spending spree and buy a video player, a music item, a car stereo or whatever, and recklessly spend amounts in excess of $500 on items which were not in the nature of those essential daily expenses to which I have referred. Therefore, we have proposed to include a simple amendment which, after the words 'has contracted a debt', inserts the phrase 'other than in respect of reasonable and necessary household or personal expenses'. We appreciate that that is perhaps a little loose, but we think that that is not beyond the capability of a court in a fair-minded way to construe as providing some 'out', particularly when we are talking about the imposition of a criminal penalty. It would provide some 'out' with respect to those essential expenses that I have referred to: essential living expenses, essential medical or essential dental expenses for the individual or their family.

We propose that our amendment is fair and reasonable and would not distort the operation of the section. We implore the government to give careful consideration to what we have proposed.

Mr WILLIAMS (Tangney—Attorney-General) (6.03 p.m.)—The government opposes this amendment also. With respect, I think the opposition's proposal seems to be based on a misunderstanding of the issue that is being addressed. The particular offence in question relates to deliberate fraud—the equivalent of theft. What the opposition proposes is like saying that it is okay to steal goods of any value provided they are reasonable and necessary for household or personal use. We say that it is not okay to commit deliberate fraud or to steal goods of any value on any occasion.

The deficiency in the current law is that a person can run up debts of many thousands of dollars with no reasonable or probable ground of expectation of being able to pay, yet cannot be prosecuted if no individual debt exceeds $500. The originally proposed solution to this deficiency was to provide that two or more debts could be aggregated to satisfy the $500 threshold. However, the government was advised that a prosecutor would still have to prove the relevant intent in relation to each of the debts. So mere aggregation did not solve the problem.

The solution, as proposed by the government, is to remove the $500 threshold. As the member for Barton has pointed out, the Corporations Law has a similar offence with no threshold. So if the government's proposed amendment is accepted and this opposition amendment is rejected, the two legislative regimes would be comparable. There is, of course, under Commonwealth prosecution policy, a discretion which can be exercised in relation to whether to prosecute a person who incurs debts aggregating less than $500. The government opposes this opposition amendment.

Amendment negatived.

Mr WILLIAMS (Tangney—Attorney-General) (6.05 p.m.)—by leave—I present the supplementary explanatory memorandum and move government amendments (1) to (10):

(1) Schedule 1, page 3 (after line 9), after item 1, insert:

1A Subsection 5(1)

Insert:

authorised employee means an APS employee whose duties include either or both of the following:

(a) supporting the Inspector-General in the performance of his or her functions, or in the exercise of his or her powers, under this Act;

(b) supporting the Official Receivers in the performance of their functions, or in the exercise of their powers, under this Act.

(2) Schedule 1, item 8, page 3 (line 25) to page 4 (line 3), omit the item.

(3) Schedule 1, item 10, page 4 (lines 9 to 12), omit the item.

(4) Schedule 1, item 13, page 4 (lines 17 and 18), omit the item, substitute:

13 Subsection 11(4)

Omit "an officer of the Department", substitute "an authorised employee".

(5) Schedule 1, item 17, page 4 (line 28) to page 5 (line 1), omit the item, substitute:

17 Subsection 15(4)

Omit "an officer of the Department", substitute "an authorised employee".

(6) Schedule 1, item 74, page 22 (lines 18 and 19), omit the item, substitute:

74 Paragraph 64Z(5)(d)

Omit "an officer of the Department", substitute "an authorised employee".

(7) Schedule 1, item 103, page 28 (lines 16 and 17), omit the item, substitute:

103 Subsection 109(7B)

Omit "an officer of the Department", substitute "an authorised employee".

(8) Schedule 1, item 149, page 38 (lines 25 and 26), omit "except in the case of the ground specified in paragraph 149D(1)(h),".

(9) Schedule 1, item 168, page 41 (line 30) to page 42 (line 1), omit the item, substitute:

168 Subsection 164(3)

Omit "an officer of the Department", substitute "an authorised employee".

(10) Schedule 1, item 255, page 57 (lines 7 to 9), omit the item, substitute:

255 Items 158 and 159

The amendments made by items 158 and 159 apply to registration applications made after the commencing time.

Details of three proposed categories of amendments to the bill have been circulated in my name. The first category of amendments, amendments (1) to (7) and (9), relates to proposed changes to the Bankruptcy Act arising from the establishment in June 2000 of the Insolvency and Trustee Service Australia, ITSA, as an executive agency under the Public Service Act 1999.

The bill proposes that certain references to 'officer of the department' be amended to read 'officer of ITSA' and to give effect to this in terms of the definition of ITSA meaning the Insolvency and Trustee Service Australia, which is established as an executive agency under section 65 of the Public Service Act 1999. However, the statutory reference to ITSA as an executive agency would potentially compromise a key characteristic of the executive agency structure under the Public Service Act 1999—that is, the ability to establish or abolish such agencies by administrative process. To overcome this, the proposed amendment to the bill would substitute 'authorised employee' for 'officer of ITSA' and thus remove any need for a definition of ITSA in the act.

The second category, amendment (8), addresses a concern that a provision intended to strengthen the objection to discharge provisions in the Bankruptcy Act may confer too much power on a bankruptcy trustee. Under the bill, special grounds objections which are directed at deliberate noncooperation of bankrupts with their trustee will only require the grounds of the objection and evidence to be established by the trustee. Reasons for objecting will not be required. In other words, the facts of the bankrupt's uncooperative conduct will be sufficient to found an objection and will result in a five-year extension of the bankruptcy. As a safeguard, if the bankrupt provides a reasonable excuse for the conduct that attracted the trustee's objection, a review body will be able to consider that excuse.

However, an exception to the reasonable excuse provision was proposed in relation to one particular special ground—namely, a bankrupt's nonpayment of an assessed contribution liability. This exception was intended to prevent bankrupts who received substantial income by way of non-cash benefits from pleading their lack of cash as a reasonable excuse for nonpayment. But it also would deny review rights to a bankrupt with a legitimate excuse for nonpayment. On further consideration, the government has decided that a trustee objection based on the special ground of a bankrupt's nonpayment of an assessed contribution liability should be reviewable, just as other special ground objections are reviewable. While the change will allow the no cash excuse to be offered in the circumstances I referred to, the government's view is that, firstly, the general body of bankrupts should enjoy review rights regarding trustee objections in the contribution liability area and, secondly, that a reasonable review body would not accept the no cash excuse in the circumstances I have mentioned.

The third category, amendment (10), corrects an inadvertent effect of an application provision. The relevant amendment, requiring that trustees have 'the ability, including

knowledge, to perform satisfactorily the duties of a registered trustee', was always intended to apply to existing trustees and not just to trustees appointed after commencement. I commend the amendments to the House.

Mr McCLELLAND (Barton) (6.09 p.m.)—I indicate to the House that the opposition will be supporting these proposed amendments.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by **Mr Williams**)—by leave—read a third time.

BANKRUPTCY (ESTATE CHARGES) AMENDMENT BILL 2001

Second Reading

Consideration resumed from 7 June, on motion by **Mr Williams:**

That the bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

Third Reading

Leave granted for third reading to be moved forthwith.

Bill (on motion by **Mr Williams**) read a third time.

SUPERANNUATION LEGISLATION AMENDMENT (INDEXATION) BILL 2001

Second Reading

Debate resumed from 28 June, on motion by **Mr Slipper**:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (6.12 p.m.)—I move an opposition amendment to the motion for the second reading of the bill as follows:

> That all words after "That" be omitted with a view to substituting the following words:
>
> "whilst not declining to give the bill a second reading, the House:
>
> (1) condemns the Government for its slow and disinterested handling of superannuation;
>
> (2) condemns the Government for its failure to satisfactorily deal with public service superannuation and to include the Defence Force Retirement Benefits (DFRB) scheme, the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS) in the same benefits extended by this Bill to the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) scheme pensions;
>
> (3) condemns the Government for the delay in allowing twice yearly indexation of Commonwealth superannuation pensions; and
>
> (4) calls on the Government to examine in full the other recommendations of the Senate Select Committee on Superannuation and Financial Services, which in April 2001 released its report entitled *A Reasonable and Secure Retirement*?"

The Superannuation Legislation Amendment (Indexation) Bill 2001 includes amendments to the Superannuation Act 1922 and the Superannuation Act 1976 to provide for the twice-yearly indexation of pensions paid under those acts, in place of the existing annual indexation. It is proposed to amend the 1922 act to provide for twice-yearly indexation of all pensions under that act from July 2002. The method of indexation will not change but it will be applied in July and January of any following year where there has been an increase, adjusted for any offsets for previous decreases in the consumer price index in the half-yearly CPI as measured in the previous March or September quarter respectively.

Generally, pensions payable under the 1922 act and 1976 act that are subject to indexation are currently indexed on an annual basis. An increase is payable from the first payday in July and is based on any annual increase in the consumer price index as measured in the preceding March quarter. Pensions are not reduced when there is a decrease in the CPI; however, that decrease will be offset against the next or subsequent increase in calculating the indexation amount.

The estimated additional expense in the budget and forward estimate years of twice-yearly indexation of Commonwealth civilian superannuation pensions is $30 million per annum. The bill will amend the 1922 and 1976 acts to provide that, from January 2002, indexed pensions payable under those acts

may be increased in January and July of every year. Pensions will be increased where, after any offsets, there has been a half-yearly increase in the CPI as measured at the previous September or March quarter respectively.

The measure represents one of a number of recommendations made by an inquiry by the Senate Select Committee on Superannuation and Financial Services, which commenced this year and released, in April, its report entitled *A 'reasonable and secure' retirement?* This particular recommendation was adopted by the Howard government in the last budget, although it does not apply until January next year. Labor supported the inquiry and it supports this bill. I refer to the report's preface in some detail and note that what the report was doing was responding to the express concerns of Commonwealth superannuants that the benefit design of Commonwealth public sector and Defence Force unfunded superannuation schemes has not been delivering to them a reasonable and secure retirement income.

Often perceived as a relatively privileged group benefiting from a comparatively generous superannuation arrangement, Commonwealth superannuants were vocal in explaining that that perception is far from the truth. In the inquiry, the committee learned that almost 22 per cent of Commonwealth superannuants receive an income from Commonwealth superannuation funds which is less than the maximum age pension of $11,000 to $12,000, 65 per cent of superannuants receive less than $20,000 per annum and 90 per cent receive less than $30,000 per annum. At the same time, while an increasing number received part age pensions, and so qualify for some cost of living concessions, most Commonwealth superannuants, as self-funded retirees, do not qualify. Moreover, while the majority of Commonwealth superannuants are on low incomes, many fall above the tax threshold yet they have limited access to tax concessions and they do not have the option of income-splitting as do age pension couples and many other retired couples.

The central issue was the disparity between the indexation methods used for the age pension and for Commonwealth benefits. The benefit design specifies the use of the consumer price index to adjust the value of the benefits on an annual basis. In keeping with the original intention, the CPI as a measure of inflation was expected to maintain the real value of the benefits. The Australian Bureau of Statistics indicated to the committee that the CPI is not a measure of the cost of living, and it is noted that the age pension is now adjusted biannually through a wage based indexation mechanism. Given this, the erosion of pensions through the use of the CPI indexation method became the focal point of the inquiry. The committee was told that, as a result of this and other factors that were outlined to the committee, Commonwealth superannuants form an anomalous group who fall outside of the safety net provided for age pensioners while sharing, in many respects, their vulnerability.

Labor welcomes the twice-yearly indexation but remains aware of the fact that Commonwealth superannuation pensions do not measure up, given these concerns. We received many representations relating to the cost of changes to the indexation that the Superannuated Commonwealth Officers Association, SCOA, and others proposed. The main issue here was the inadequacy of the CPI as a true measure of the cost of living, especially when the gap between that and average weekly ordinary time earnings has widened significantly.

The Senate committee has recommended that the government examine the feasibility of adopting an indexation method other than CPI to more adequately reflect the actual increases in cost of living. To date, the Howard government has done nothing on this front. Furthermore, it has to be said that, given the way in which the budget surplus has been eroded by government decisions during the last year, it may well be that a Labor government will not be in a position to take action on this matter in the foreseeable future.

I understand and sympathise with the concerns of many former public servants and others on fixed incomes who saved hard over their working lives to provide a decent retirement income and lifestyle. I particularly

sympathise with them given the way in which their savings have been eroded by the introduction of the GST. My colleagues and I have received many letters from disgruntled retirees who have found that neither the much promoted tax cuts nor the older persons' bonus payments represent anything like adequate compensation for the extra tax, in the shape of GST, that they now have to pay.

When the Prime Minister, John Howard, asked pensioners for their votes at the last election, he promised that pensions would be increased by four per cent to compensate for a 10 per cent GST, and he publicly promised before the election that everyone over the age of 60 would get a $1,000 bonus. The Prime Minister broke his promise to older Australians when he denied 40 per cent of them the savings bonus and clawed back two per cent of their pension compensation. They are entitled to an explanation of this. The cost of essentials has gone up, with electricity up 10.9 per cent, gas up 12.5 per cent, telephone up 8.1 per cent and prescription medicines up six per cent. All of these are more costly under the Liberal government's GST, and the Prime Minister ought to be explaining to retired people just how they are expected to make ends meet. In my view, older Australians will not quickly forget (1) the bogus $1,000 bonus, (2) the two per cent clawback of pensions, (3) the hike in pharmaceutical co-payments, (4) the axing of free dental care, (5) the axing of hearing aids for retirees, (6) the nursing home fees and substandard care, (7) cuts to pensions on the first payday after indexation increases, (8) cuts to pensions for those who have done occasional work, (9) cuts to pensions due to changes in deeming, (10) cuts to financial information services, (11) threatened cuts to pensioners who provide cash assistance to family and (12) the decline in the pension compared with average earnings. Then of course we have had the never, ever GST. No single policy from any government has had such a savage impact on the weekly budgets of pensioners and retirees.

We have a Prime Minister who has had over the years almost an obsession with dudding the elderly. He has form in this area. Way back in 1978 as Treasurer in the Fraser government he took away a whole pension increase. The Howard government has an abysmal record concerning the welfare of older Australians. If there is one group in this country that the Howard government wins support from under false pretences, it is Australia's retirees. In addition, in the 1996 budget there was the introduction of the superannuation surcharge tax, with its clumsy and enormously costly collection method, that has taken over $500 million a year from superannuation accounts right across the country. The Association of Superannuation Funds of Australia estimates that the cost to the superannuation funds to collect this tax for the government exceeds $200 million. In addition, you have the Australian Taxation Office spending in the order of $20 million in surcharge tax administration costs.

In 1997 the Howard government committed further retirement incomes vandalism by abandoning Labor's superannuation co-contribution, at a cost of over $3.5 billion, and delivering a flawed savings rebate, which lasted all of six weeks before it, too, was ditched. Labor's co-contribution superannuation policy would have added another $100,000 to the retirement incomes of working Australians on average weekly earnings. With these measures, this government has ripped over $5 billion from the retirement incomes of millions of Australians. It has caused enormous damage to Australia's world-class retirement incomes policy.

For existing and future public servants, the picture has also been bleak. The Labor Party have been forced to oppose in the parliament—and we will continue to oppose them—a range of measures from this government which sought to erode the superannuation entitlements of public servants, including the closure of the PSS fund to new members. These regressive proposals have been introduced despite the Prime Minister's rock solid guarantee that he would not cut and destroy superannuation entitlements for existing and future public servants—a guarantee put in the shape of Liberal Party advertisements prior to the 1996 election, a guarantee which we have had to hold the government to in this parliament.

A great deal of employment uncertainty has been engendered amongst Commonwealth public servants by the coalition's so-called Public Service reforms. Attempts to undermine Public Service professionalism and neutrality, forced reductions in running costs, refusal to provide additional funding for pay increases, and massive forced redundancies have all served to undermine public servants' confidence in the government as an employer. The Labor Party is fully committed to providing and maintaining a professional and effective Public Service. As part of that commitment, we will maintain existing public sector superannuation arrangements, including the PSS fund. We will ensure that the Prime Minister is held accountable for his promises to Commonwealth public servants.

On the broader retirement incomes front, since prior to the 1998 election Labor has consistently called for a review of retirement incomes policy. We desperately need a review, which must be open and transparent, to help to restore public confidence in Australia's world-class retirement income system. An open, transparent and public retirement incomes review should give the public an opportunity to propose innovative and new ideas to reinvigorate the public policy debate in this crucial area. This is not a government renowned for conducting open and transparent inquiries. Indeed, in the area of retirement incomes it has refused to engage in an inquiry of any character—open and transparent or otherwise.

We did endeavour during the life of this parliament to have the Senate Select Committee on Superannuation and Financial Services—the same committee which compiled the report on which this legislation is based—investigate this area. We believe it would have been a suitable body to conduct such a review. It would have allowed the opposition, the government and other parties, like the Democrats, to work towards a multipartisan agreement on the shape and direction of Australia's long-term retirement incomes policy. Regrettably, that opportunity has passed. It is worth noting that Kim Beazley's plan for the nation includes a proposal to conduct a general review of superannuation, including taxation arrangements, protection of post-retirement income streams and ways of boosting retirement savings levels.

Labor have indicated our willingness and our intention to carry out in government such a retirement incomes review going to those essential questions of adequacy and whether the existing superannuation guarantee level will prove sufficient by way of retirement incomes for those—in particular, a couple of million baby boomers—scheduled to retire in the course of the next decade or so. We want to look at the issue of complexity in the taxation arrangements. We want to look at the interaction with social security. We want to encourage people who are sufficiently healthy and who have the experience to remain in the work force certainly beyond 55, certainly beyond 60 and in some cases beyond 65.

The good news is that in due course we are all going to live until we are 90. That is very good news; it beats the heck out of the alternative. But it does pose for us, as a society and as a nation, a very considerable demographic challenge. We think that part of that involves encouraging people and having the incentives in place for people to work beyond those early retirement years when their health and experience enables them to make an ongoing contribution to the work force, sometimes on a part-time basis.

Sitting suspended from 6.30 p.m. to 8.00 p.m.

Mr KELVIN THOMSON—Prior to the break I was speaking about the Superannuation Legislation Amendment (Indexation) Bill 2001 and the fact that it implements one, but by no means all, of the issues raised in the Senate inquiry report *A 'reasonable and secure' retirement*. Following the publication of that report I, and perhaps other members also, have received correspondence and further representations from the Superannuated Commonwealth Officers Association concerning these issues. They have indicated their conviction that the outcomes of the inquiry vindicate their case that Commonwealth superannuants are being treated unjustly relative to age pensioners and many other retired people because superannuants

are indexed solely by the consumer price index. The discrepancy brought about by relying solely on the CPI has, according to the association, led to superannuation pensions falling behind by up to 20 per cent over the last decade compared to movements in adult weekly ordinary time earnings.

The Senate report devoted considerable attention to the question of the additional costs involved in incorporating a wages mechanism into the adjustment process. The association have written to the Minister for Finance and Administration seeking clarification of additional information provided by his department to the inquiry that the budget impact of indexing the CSS and the PSS pensions by weekly ordinary time earnings would be, on average, $645 million per annum over the next four years. The association said that these estimates seem high and it is not clear whether they represent the total cost or the additional cost of using weekly ordinary time earnings over CPI or whether they take into account any clawback from increased taxation receipts and reduced social security outlays. They pointed out in correspondence to me that actuarial studies in recent years have estimated the unfunded liabilities in respect of CSS and PSS going back half a century and have estimated savings from the clawback to be between $17 billion and $21 billion over the same period. I make the point to the government that any information that it is able to provide concerning the costings and the basis on which the Department of Finance and Administration suggests that there would be an average cost of $645 million would be welcome and would be of interest to me and probably to many other members of parliament, and would certainly be of interest to the Superannuated Commonwealth Officers Association. We would certainly appreciate any information that the Commonwealth government is able to provide on this front.

The association pointed out that the government has acted on one of the Senate's reports by introducing the indexation of civilian superannuation pensions twice a year from next January. They said that, while that is welcome, it provides only minimal relief and does not overcome past injustices and that, until a wage based mechanism is incorporated into the adjustment process, Commonwealth superannuants would continue to be denied access to productivity improvements and increases in community living standards as measured by wages. This is borne out by the government's budget forecast where inflation is expected to fall to two per cent in 2001-02 whereas wages are estimated to increase by double that amount.

Another issue which the association have raised with me, and which quite a few people have raised with the opposition, is the question of changes to indexation of Defence Force superannuation pensions. At the time of the introduction of the bill, the government indicated that it had deferred any decision on this front pending finalisation of the current review of Defence Force personnel remuneration arrangements including superannuation. It is our view that the failure of the government to include the military superannuants and Papua New Guinea superannuants in the same process that was being applied to Commonwealth superannuants more generally was really quite mean and tricky. Where you had the budget announcement that the superannuants were going to get twice-yearly indexation, these sorts of exceptions, exemptions and qualifications in the fine print really have not been good enough.

The Minister Assisting the Minister for Defence put forward as justification for holding back on military superannuants a proposition that the Nunn review into Australian Defence Force remuneration arrangements was examining this area. In fact, the terms of reference for the external review made no explicit reference to superannuation and, certainly, when that review consulted with organisations and did its initial consultations, none of those groups received any advice that they were expected to be dealing with superannuation issues. In our view there was no justification for excluding military superannuants and Papua New Guinea superannuants from the legislation. That is one of the reasons why we have stated, in paragraph (2) of the second reading amendment, that the House:

(2) condemns the Government for its failure to satisfactorily deal with public service superannuation and to include the Defence Force Retirement Benefits (DFRB) scheme, the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS) in the same benefits extended by this Bill to the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) scheme pensions;

Yesterday the shadow ministry approved the proposition that we should seek to amend the legislation in this way and move the second reading amendment condemning the government for its failure to deal with this issue. I notice—and it may be coincidental—that today the minister assisting the Minister for Defence announced that the government intends to introduce twice-yearly indexation for military superannuation pensions, commencing on 1 January 2002. This is indeed the very proposition which we have been urging on the government and which our amendment addresses. We would want to proceed with our amendment in this House, noting that we do not seem to be getting from the government any indication that the bill itself is going to be amended. The fact that provision for military superannuants has not been included in this particular bill means that we will certainly proceed with our second reading amendment on this matter.

It may be coincidental that the government's announcement is a day after the Labor shadow ministry's consideration of, and determination on, this matter. On the other hand, I have to say that during 2001 there have been numerous policy backflips on the part of this government, and numerous areas where they have expressly adopted Labor propositions related to the business activity statement and annual reporting. There has been the petrol tax backflip, the beer excise backflip and the royal commission into HIH—numerous times during this year when Labor has articulated things as policy propositions and has found that about five minutes later the government have picked them up. I do not know whether this has also been the case here but, if the government proceed in the way that they announced today, that will be welcome, if more than somewhat overdue. It is certainly a matter which has been of concern to various organisations, such as the Australian Council of Public Sector Retiree Organisations. I have also been visited by the Communications Employees Retired Members Association and a whole raft of organisations expressing concern about this question of military superannuation pensions.

In the couple of minutes remaining, I will go back to some of the background to this report. In May last year, the Senate committee was approached by the national secretary of the Superannuated Commonwealth Officers Association, who wrote expressing the association's concern that the value of the Commonwealth superannuation pensions was being eroded through sole use of the CPI—the consumer price index—to adjust for cost of living increases. The Senate committee, to its credit, determined that the matter warranted investigation and sought from the Senate a reference to conduct an inquiry into the benefit design of Commonwealth public sector and Defence Force unfunded superannuation funds and schemes.

The inquiry was advertised in November 2000, details were posted on the committee's web site, and the committee wrote to a number of Commonwealth and state superannuation bodies, relevant government departments and bodies, as well as to a number of retiree organisations and individuals, inviting submissions. The committee did get some criticism for not advertising in the *Canberra Times*, noting that Canberra is a place in which quite a few retired Commonwealth public servants reside. The committee held public hearings in February and took evidence from officials with policy responsibility in this area. To gain a better understanding of the circumstances of superannuants, it also invited a number of individual submitters to appear before it. So the committee has had a great number of representations made to it and, accordingly, Labor believes that the government does need to examine in full all its recommendations and to do so against the background that the committee has had the opportunity to study this area in some detail. Here we have the government agreeing to

implement one of the recommendations of that committee, but Labor thinks they need to examine the other recommendations of that committee fully and as soon as they reasonably can.

Mr DEPUTY SPEAKER (Mr Hawker)—Is the amendment seconded?

Mr Sciacca—I second the amendment.

Ms JULIE BISHOP (Curtin) (8.12 p.m.)—I am pleased to be following the member for Wills in this debate. We shared a platform recently at the University of New South Wales at the launch of a seminar on Women and Superannuation, when I was able to inform the gathering of the federal government's support for superannuation initiatives, recognising as we do that for many Australians superannuation is at the heart of their retirement plans. I was also able to speak of the reforms that have been introduced that are of particular benefit and interest to women, including the changes to the Family Law Act enabling superannuation to be dealt with on divorce, on separation, as part of the overall financial settlement between divorcing couples—addressing the anomalies that were inherent in the Family Law Act regarding superannuation.

In following the member for Wills this evening, I report to the House that the bill before the House, the Superannuation Legislation Amendment (Indexation) Bill 2001, represents a widely welcomed initiative in the 2001 federal budget. By amending the Superannuation Act of 1922 and the Superannuation Act of 1976—that is the legislation that provides for the payment of superannuation style pensions to former civilian employees of the Commonwealth of Australia—this bill will provide that, from January of next year, these pensions will be indexed twice a year. At present these pensions are adjusted annually in July on the basis of upward movements in the consumer price index. Downward movements in the CPI do not affect these pensions, although decreases in the CPI are offset against subsequent increases. In July this year, for example, Commonwealth superannuation pensions were increased by six per cent. So, after the passage of this bill, the new arrangements will ensure that adjustments occur in both January and July on the basis of CPI increases in, respectively, the preceding September and March quarters. For example, these pensions will be indexed this coming January and next July.

The effect of this measure will apply not only to recipients of the 1922 superannuation arrangements—which were in fact closed to new entrants in 1976—and members of the Commonwealth Superannuation Scheme but also, through some rule changes in the trust deed of the Superannuation Act 1990, to members of the Public Sector Superannuation Scheme. It is noteworthy that many people who will benefit from this change will have also benefited from other initiatives in the 2001 budget. This would include those persons able to access the Commonwealth seniors health card and the related telephone allowance, recipients of the $300 payment to low income aged persons and those older taxpayers on low or middle incomes who will now have an effective income tax free threshold of $20,000 annually. The same budget increased aged care service funding by $425.9 million and made some important changes to veterans' affairs, through the $25,000 payment for former prisoners of the Japanese and the restoration of the war widows pension to remarried war widows.

It would be remiss of me not to point out that there have been a number of concerns raised with the government regarding the reforms before the House tonight. Those concerns have been raised with me personally by a number of my constituents with an interest in these matters. Some have queried why the superannuation pensions available to former Commonwealth public servants are not indexed in the same manner as the pensions paid to former members of the Commonwealth parliament. Those parliamentary pensions are indexed by reference to parliamentary salaries, which are in turn linked to wage movements. The question of parliamentary remuneration is one of concern for members of the public and of this place, and it is to the credit of the Prime Minister that he championed the reforms to parliamentary superannuation passed by this parliament earlier this year, including the introduction of an age restriction on access to superannua-

tion benefits in line with community expectations.

Perhaps the most contentious issue in this matter is the continuing use of consumer price indexation for the adjustment of superannuation pensions for former public servants in preference to other indexation measures, including those related to wage movements. The first point to be made in this regard is that such a change would be a significant departure from the past practice of the Commonwealth and the original terms of the superannuation schemes in question. Secondly, it would also be a departure from the arrangements made and maintained to this day by state and territory governments for their former employees. So these reforms are consistent with state and territory arrangements for indexing superannuation pensions. Other means could be used to measure cost of living and price changes in Australia, but alternative measures would, like the CPI that measures the rate of change in prices of a wide range of goods and services, also be averages. Averages do not necessarily reflect individual experience, which of course can vary according to factors including lifestyle and geographical location.

It is important to note that benefits payable under the various Commonwealth superannuation schemes are more generous than benefits payable to other Australians. As at 30 June 1999, the notional employer contribution rate was 21.9 per cent for the Commonwealth Superannuation Scheme and 14.2 per cent for the Public Sector Superannuation Scheme. By contrast, most employers would today make a contribution of eight or nine per cent.

Furthermore, it is true that inflation is very low in an historical context—it has averaged 2.2 per cent annually since this government came to office—but it is also true that interest rates, upon which many other retirees rely for their retirement incomes, are historically very low. We can become blase about the economic success in this country, particularly over the past half decade, but the reduction in interest rates paid by families, home owners and businesses has been quite extraordinary. To take just one example, small business overdraft rates have fallen from over 20 per cent in 1989 to around eight per cent today.

Queries have also been raised regarding the Australian Defence Force. This particular reform was not intended originally to affect those superannuation pension schemes accessed by former service men and women and officers. As members of the House would be well aware, the remuneration arrangements of the Australian Defence Force are presently under detailed consideration by the government, and the committee charged with the responsibility of reviewing those arrangements—a committee chaired by retired Major General Barry Nunn—reported to the Minister for Defence on 31 August, and the minister and his fellow ministers are presently considering that report.

However, I am pleased to note that earlier today the Minister Assisting the Minister for Defence advised that, further to the recommendations made by Major General Nunn, twice-yearly indexation will be introduced for military superannuation pensions—that is, the Defence Force Retirement Benefits scheme, the Defence Force Retirement and Death Benefits scheme and the Military Superannuation and Benefits Scheme. The member for Wills may well try to take some sort of credit for this, but it is further to the advice of Major General Nunn, who has been charged with the responsibility of reviewing remuneration arrangements of the Australian Defence Force.

The announcement today will ensure that both military and civilian superannuation pensions will be adjusted on 1 January 2002 and 1 July 2002 so as to reflect any increase in the consumer price index for the six months ending in the September quarter of 2001 and the March quarter of 2002 respectively. I certainly look forward to the government's further response to the Nunn report. I know that such a response will be of great interest to those service men and women in my electorate of Curtin, including at the SAS regiment at Campbell Barracks, as well as a number of my constituents who have had considerable defence experience and who take a great interest in the conditions, wellbeing and morale of our defence forces.

The bill before the House will increase the purchasing power of some 100,000 Commonwealth superannuation pensioners and, after today's announcement by the Hon. Bruce Scott, 55,000 recipients of military pensions by reducing the delay between price increases and compensatory adjustments to their superannuation pensions. This represents a $30 million per annum increase in funding by the Commonwealth for the civilian pensions alone, and the reform certainly deserves the support of all members of the House. These amendments to the Superannuation Act 1922 and the Superannuation Act 1976 to provide for the pensions to be indexed twice a year from January of next year have certainly been welcomed in the community. I commend the bill to the House.

Mr LAURIE FERGUSON (Reid) (8.23 p.m.)—The Superannuation Legislation Amendment (Indexation) Bill 2001 provides for the twice-yearly indexation of certain Commonwealth civilian superannuation pensions with effect from 1 January 2002. The opposition supports the bill. The bill is restricted in its application to pensions paid under the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Currently, these pensions are only indexed annually, each July, based on the March to March CPI increase. By contrast, age pensions are indexed twice yearly, each March and September, and are also adjusted in line with an average weekly earnings benchmark.

In essence, the bill addresses one of the grievances of CSS and PSS superannuation pensioners by providing that henceforth their payments will be indexed each January and July in line with the published CPI increases for the previous six months. I am well aware that many other Commonwealth superannuation pensioners were deliberately misled by the coalition into thinking that they would also benefit from the Treasurer's budget night announcement. Anyone who listened to the Treasurer's budget speech knows that he said that twice-yearly indexation would apply to 'those on Commonwealth superannuation pensions from 1 January 2002'. He made no distinctions and specified no limitations whatsoever. In his budget hype, the Treasurer clearly tried to convey to the Australian electorate an image of justice and equity for all.

However, a staggering 55,000 to 57,000 recipients of pensions from the two military superannuation schemes are clearly on—and I quote him again—'Commonwealth superannuation pensions'. They naturally thought that their pensions would now be indexed twice yearly. There was no room for doubt in the Treasurer's wording at that time. He deliberately intended to convey the impression that everyone was in the same boat. They were to learn the hard way just why the government is seen as being mean and tricky by its own backbench. The parliamentary secretary opposite smiles, but that was clearly revealed by Liberal president Shane Stone's famous note to the Prime Minister.

Mr Entsch—Nonsense.

Mr LAURIE FERGUSON—I am not saying that; Shane Stone said that.

Mr Entsch interjecting—

Mr LAURIE FERGUSON—I do not know what he is trying to do. I do not know what problems you have in regard to Senator Tambling and Stone's previous history in the Northern Territory, but it was Shane Stone who made those comments. It was not until 6 June, more than two weeks after the budget, that these MSBS and DFRDB pensioners learned that they had been excluded from the decision. They were only advised of this fact by the Regular Defence Force Welfare Association, which was alerted by ComSuper staff to the fine print of a Department of Finance and Administration, DOFA, portfolio budget briefing paper. This document indicated that the military superannuation schemes were explicitly excluded from the budget announcement—in contrast to what the Treasurer had tried to convey. Needless to say, the readership of DOFA's portfolio budget papers is minuscule compared with the readership of the Treasurer's actual budget words, which were reproduced in the daily newspapers of the country and which obviously would have been taken up by those people who were interested and who had a direct financial interest in this matter. As a result, MSBS and DFRDB pensioners

received a rude shock when they were advised of the true position by the RDFWA.

Mr Entsch—What's that?

Mr LAURIE FERGUSON—I just told you a few minutes ago and you were listening closely, and so you would know that organisation. He asked what that organisation is. It is one of the main interest groups representing retired people and Defence Force personnel—the Regular Defence Force Welfare Association. The parliamentary secretary obviously does not have much of a focus on these particular veterans' issues. Subsequently Minister Scott, who has responsibility for the military superannuation schemes, issued a media release saying that the government had referred the issue of indexation of military superannuation pensions to the external review of ADF remuneration. This itself was a puzzling procedure, because the external review was set up to investigate the circumstances of serving, rather than retired, defence personnel. As noted at that time, that review's terms of reference also made no explicit reference to superannuation arrangements. This was clearly a panic-stricken attempt to recover ground by Minister Scott.

I should say at this stage that this Nunn inquiry is more secretive than a klaven of the Ku Klux Klan. With what disappears into it, it is like the black hole of Calcutta. Interest groups around this country who are directly concerned with the interests of retired defence personnel were basically told that there was no need for them to come and discuss their interests and that there really was no need to sit around the table and see what these people representing retired personnel thought about these issues. Quite frankly, with an imminent election, it is very convenient that this inquiry is going to come forward with submissions in regard to defence personnel. Quite frankly, I have to say that the degree to which this inquiry has not interacted with people who represent these retired personnel, who have personal concerns about their health, their welfare and their incomes, is indeed disturbing.

If Minister Scott was looking forward to a long breathing space while the external review panel considered the matter, he was destined to be disappointed. The external review panel advised the RDFWA, in writing, some weeks ago that it had already made a recommendation to the government on the twice-yearly indexation issue in advance of its overall report on ADF remuneration. All of this material that we have had here tonight and all that the previous speaker has said about it resulting from Nunn is quite clearly a panic-stricken, desperate attempt to recover a situation where the interest groups in this field have indicated to the government that they are totally dissatisfied with the discrimination against them as compared with civilian superannuation beneficiaries.

This means, of course, that the government has run out of excuses. With 1 January 2002 rapidly approaching, an imminent election and the current parliament in its last days, Minister Scott has only today intimated some belated activity to rectify the injustice against retired military personnel. The Regular Defence Force Welfare Association, and particularly its national president, Commodore Harry Adams, has been very active on the matter by lobbying parliamentarians around the country. I am pleased to acknowledge that their activity has helped produce an outcome whereby military superannuation pensioners can now look forward to twice-yearly indexation, in line with the Treasurer's budget speech.

Labor, in moving this amendment tonight, indicates its concern about this matter. It is very convenient for the minister, with the bill in the parliament today, to suddenly decide that six weeks ago the Nunn inquiry came up with this decision. He clearly knew that Labor intended amendments on this issue and that Labor has been associated with a campaign to bring justice to these people. As the previous speaker, the member for Curtin, said, 'It was not originally intended to rectify this matter.' They might trace this to the Nunn inquiry; I trace it to the uproar from these 55,000 people and their families around the country about the way they have been misled by the Treasurer in his budget speech, in which he tried to intimate that these people were on an equal standing with the other superannuation beneficiaries. Quite clearly, the government intended increasing

discrimination against them as the situation for the others was rectified. I recommend the Labor amendment which goes to the issue of ensuring that these people, ex-defence personnel, also receive twice-yearly indexation.

Debate interrupted.

ANSWERS TO QUESTIONS WITHOUT NOTICE

International Conventions: Anti-terrorism

Mr WILLIAMS (Tangney—Attorney-General) (8.32 p.m.)—I seek leave to add to and clarify an answer I gave during question time today.

Leave granted.

Mr WILLIAMS—Australia is party to eight of the 11 anti-terrorism conventions and two anti-terrorism protocols. With regard to the International Convention for the Suppression of Terrorist Bombings, drafting instructions are with the Office of Parliamentary Counsel to enable legislation with a view to Australia becoming a party to the convention. With regard to the International Convention for the Suppression of the Financing of Terrorism, as some of its provisions are already contained in existing Australian legislation, Australia is consulting on whether to become a party, as it is to the Convention on the Marking of Plastic Explosives for the Purposes of Detection.

SUPERANNUATION LEGISLATION AMENDMENT (INDEXATION) BILL 2001

Second Reading

Debate resumed.

Mr MOSSFIELD (Greenway) (8.33 p.m.)—I rise to support the amendment moved by the member for Wills to the Superannuation Legislation Amendment (Indexation) Bill 2001. Superannuation itself is like a light on the hill for most Australians—it is the nest egg which we all hope will provide us with a comfortable retirement. But in some cases the system has failed to deliver, particularly in the private sector. The purpose of this legislation is to provide for a twice-yearly indexation of pensions payable under the Superannuation Act 1922 and the Superannuation Act 1976. The intent of this bill is to ensure that the pensions paid under these two schemes retain their purchasing power, a right that all superannuation fund members are entitled to, whether they be public servants or employees in the private sector.

The *Bills Digest* advises that the amendments proposed by this bill give effect to a 2001-02 budget announcement. The explanation for these amendments provided by the government at budget time was that:

> The government has decided to introduce twice yearly indexation of Commonwealth Superannuation Pensions under the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). The indexation will occur twice yearly on 1 July and 1 January for movements in the consumer price index for the previous half year. This will reduce the delay between inflation effects faced by superannuation pensions and income adjustment.

This is a principle that we would all support. These amendments will affect over 100,000 Commonwealth civil superannuation pensioners by reducing the delay between price increases and the compensatory adjustment to their superannuation pensions.

The *Bills Digest* refers to the Senate Select Committee on Superannuation and Financial Services report tabled in the Senate in April this year entitled *A 'reasonable and secure' retirement? The benefit design of Commonwealth public sector and Defence Force unfunded superannuation schemes*, which recommends a biannual adjustment of scheme pensions in line with CPI increases and the consideration of a phased alternative indexation method. The committee's report found that the current annual adjustment of benefits in line with the CPI can delay increases to pensions by some 12 to 15 months. This is a situation which is totally unacceptable to the people entitled to their pensions, resulting in an indexation lag which reduces the purchasing power of the member's entitlement.

I will now make a few general remarks about superannuation as it affects both government and private sector employees and the economy. In general, Australians are retiring younger and living longer. It is suggested that females will live 22 years after retirement and males for possibly 16 years, assuming we retire at 65. On average, most

Australians will need to plan for at least 20 years retirement. Australians are facing two problems as we approach retirement. Firstly, only a small percentage of Australians are saving—we have one of the lowest savings to income rates of the developed world. In a speech I made concerning the closure of the Marayong branch of the Commonwealth Bank in my electorate, I referred to a survey conducted by the Commonwealth Bank on this matter. In that survey, the bank lamented the fact that 20 per cent of Australians aged between 16 and 32 did not save at all.

The issue of personal savings is an important part of our retirement income strategy. OECD figures indicate that Australia is ranked equal last out of 21 countries when it comes to savings—last; stone motherless last. Out of 21 developed countries in the world, with an ageing population, we rank a dismal last in savings, and it will come back to bite us. These figures show that voluntary contributions are drying up, which could be for a number of reasons. Certainly, there is the GST induced rise in the cost of living, not to mention the reduced incentives to save. There is also an issue of complexity: Australia is the only country in the world that taxes super at every stage—plus there is the superannuation surcharge.

The other aspect of saving is that most working families spend their entire income, in most cases possibly two incomes, on day-to-day living and with little left to save. Just to emphasise the point about the lack of savings, there was an article written by Joss Gordon that appeared in this morning's Melbourne *Age*. I will quote from it:

> The average worker has saved less than $10,000 for retirement.

The article goes on:

> Almost one in six Australians of prime working age have no superannuation to put towards their retirement, while the average person with superannuation has accrued just $9487, a survey revealed yesterday.
>
> The survey, taken from April to June last year by the Bureau of Statistics, showed workers in mid-career aged between 35 and 44 years had accumulated $12,760 on average, while workers close to retirement aged 55 to 69 had $29,962.
>
> Association of Superannuation Funds Australia chief executive Philippa Smith said the figures were too low, which raised extreme questions about how the retirement of the baby boomers would be funded in five years.
>
> 'It won't get people very far with 20-plus years in retirement,' Ms Smith said. 'Individuals aren't putting enough in and governments are taking too much out by way of taxes. We can't rely on taxpayers of the future to bail us out because they will not be there.'

I think that emphasises the points I am making: not enough people are covered by superannuation, it is not providing the economic benefits that it should be, and certainly Australians are not saving to the extent that they should to provide for their retirement.

Another interesting factor that I would like to refer to is that many people are facing retirement before they reach the age of 65 and therefore may have a retirement period in excess of 20 years. I want to give you the case in my electorate of the Emerson family, of which I have spoken a number of times in this place. Les Emerson was forced to take redundancy at the age of 54 after working with one employer for some 29 years. Unable to access his superannuation entitlements until he reached the age of 55, Les, acting on the advice of a financial adviser, invested his savings in an enhanced cash management trust. Like the public servants covered by this legislation, the Emersons were looking forward to a reasonable period of financial security. This is not how it has worked out.

The Emersons became alarmed at the increase in the fund's fees and wrote to the fund's trustees, Commercial Nominees, in October 2000 seeking to close their account and withdraw their funds. It appears that the Emersons' letter was ignored. The Emersons were advised that their superannuation fund assets had been frozen due to the serious concerns as to the viability of the fund. Advice was also received that statutory fees still had to be paid, placing further financial strain on the fund.

The Emersons were advised by a young office worker by phone—no formal advice; simply by phone from a young office worker—that their money had gone, and did they want to hand it back to APRA or pay the further $10,000 to keep things open?

'Where the hell are we supposed to get $10,000 from?' was Mrs Emerson's response. 'We cannot even afford to repair our van, should the need arise, which we need to transport our totally disabled—cerebral palsy—son who cannot do a thing for himself.' This is not an individual commercial arrangement. There are about 475 other people who have lost their super, which they all thought would be safe.

I, and no doubt many others, have written to the Minister for Financial Services and Regulation requesting that he implement section 229 of the Superannuation Industry (Supervision) Act, which states that, if a fund suffers a loss as a result of fraudulent conduct or theft, and the loss has caused substantial diminution of the fund leading to difficulties in the payment of benefits:

> ... the trustee may apply to the minister for a grant of financial assistance for the fund.

My correspondence was sent to the minister on 10 July but as yet no reply has been received.

The Emersons are totally devastated by their loss. Mrs Emerson has written a letter to the Prime Minister on this issue in which she said:

> We have absolutely nothing left. This is affecting our health and our marriage. The stress is totally unbelievable. Can you imagine what it is like?

I heard the previous member, the member for Curtin, speak on this issue, indicating that legislation had been introduced to help women in relation to superannuation and other matters. Well, here is a lady who would certainly like to get the assistance of the member for Curtin, the minister for financial services and the Prime Minister—anybody at all—to help her over this very difficult period. It is time the member for North Sydney, the Minister for Financial Services and Regulation, and the rest of his colleagues responded to the Commercial Nominees situation. It is time for government intervention.

Retirees like Les Emerson, who did the right thing, sought financial advice and placed their money with Commercial Nominees, have lost tens of thousands of dollars. The government has the power to act. Section 229 of the Superannuation Industry (Supervision) Act gives it the power, yet it will not do so. It sits idly by while people like the Emersons suffer. I have written to the minister, other members have written to the minister, and even the trustees have written to the minister—and still we have no response. The shutters have come down and the minister is ducking the issue, hoping that it will go away. Well, I am here to tell this House that the issue will not go away.

I know we have got an election coming up. The Emersons are one case; there may be about 400 other people affected. One would like to think that the government would move on this, and there has been no suggestion of any reason why they should not move. This seems to be a straightforward exercise and I would hope that the advisers, the Parliamentary Secretary to the Minister for Finance and Administration, who is at the table now, and others might take this on board. The people who have suffered are entitled to better than just being ignored. APRA, the toothless tiger, started investigations on this issue in March last year, 18 months ago, and it is only a little over a month to the first anniversary of when the accounts were frozen—after, I might add, the Emersons wanted out and after they were told their money had disappeared.

The time has well and truly come for the minister to stand up on this issue. He should come into this place and make a ministerial statement setting out what action he proposes to take in regard to the Commercial Nominees debacle. He needs to state whether he is willing to act under section 229. He has the power to act. Does he have the courage? We are talking about the life savings of about 500 people. Acting under section 229 will not cost the government or the taxpayer a cent. It can be funded by a levy on superannuation funds—and it appears the levy is 'in' at the moment. We have got a levy to help the Ansett workers out of their difficulties, so why not a levy to help these particular people out of their difficulties? Certainly, leaving these people destitute will cost the government and the taxpayers money. Superannuation is about self-sufficiency in retirement. Les Emerson thought he would be

self-sufficient. The bill before the parliament is about self-sufficiency for retired public servants.

There is a clear need for government action on this issue, for government leadership. Our population is an ageing one. If we do not protect superannuation we will find massive problems down the track. The Emersons have found massive problems now. Unless we address savings as an issue at a national level we will continue to lag behind the rest of the developed world, in a dismal last place, with ever increasing problems that will cost the taxpayers huge amounts into the future. The first step on that road to addressing the issue will be to invoke section 229 and help the victims of the collapse of Commercial Nominees. The second step will be to give APRA a few real powers rather then leave them as the toothless tiger they are at present.

I will conclude with an appeal. This is a serious matter. I know the Emersons have written directly to the Prime Minister on the matter. One would hope that somewhere there will be some light at the end of the tunnel and someone will make a move to help these people out of their difficulties. Nevertheless, there is a major difficulty in the industry. APRA are the regulatory body for the industry, yet they do not have the power to regulate. The collapse of HIH and Commercial Nominees while APRA stood on the sidelines and watched is ample proof of their ineffectiveness. Watchdogs are supposed to be alsatians or dobermans, not poodles. The government need to go out and buy themselves a better watchdog. Superannuation is far too important an issue, especially in the long term, for them not to.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (8.48 p.m.)—The bill now under consideration by the House, the Superannuation Legislation Amendment (Indexation) Bill 2001, will implement the budget announcement of the government for twice-yearly consumer price indexation of Commonwealth civilian superannuation pensions from July 2002. It will also implement twice-yearly indexation for military superannuation pensions from January 2002. The amendments will enable Commonwealth civilian and military scheme pensions to be increased in January and July each year where there is an increase in the half yearly CPI. Under the current arrangements, honourable members will be interested to know, these pensions may only be increased to the CPI annually in July, so this is a very substantial benefit to both civilian and military pensioners. I remind the House that this bill will increase the purchasing power of some 100,000 Commonwealth civilian and some 58,000 military superannuation pensioners by reducing the delay between price increases and compensatory adjustments to their superannuation pensions.

The member for Wills is, I suppose, a serial offender insofar as he regularly enters the chamber and moves second reading amendments which huff and puff and do not make a lot of sense and which miss the point entirely. He will not be surprised that on this occasion again the government will not be accepting the second reading amendment moved by him on behalf of the opposition. The member for Wills criticised the government for the delay in providing twice-yearly indexation. However, this bill will, for the first time, provide Commonwealth civilian and military superannuation pensioners with twice yearly indexation of their pensions. These pensions were indexed by six per cent in July this year and, under this bill, will again be indexed in January next year. The government has moved in good time to ensure the relevant arrangements are in place for the January 2002 indexation.

The honourable member for Wills also criticised the government for the current CPI indexation arrangements for Commonwealth superannuation schemes. Perhaps the member for Wills is not aware that the Senate committee's report raised a number of complex issues. As you would expect, the government, being a consulting government, is very carefully considering these particular matters. But I ask: is the honourable member for Wills announcing Labor policy? Is the honourable member for Wills committing his party to the $600 million per annum cost of moving from CPI to AWOTE indexation, for example?

The ALP have very few policies. There is an election fast approaching, and they are hoping that they will flip-flop over the line without telling the Australian people what they will do in the unfortunate event that Labor were elected to office. I can answer those questions on behalf of the honourable member for Wills, who is not in the chamber at the moment. He is not announcing Labor policy. He is not committing his party to the $600 million per annum cost; he is simply indicating that Labor would review this matter.

Mr Sciacca interjecting—

Mr SLIPPER—Had the honourable member opposite, who has the audacity to interject, been given the position held by the member for Wills, I am quite certain that he would have had a much more rational and reasonable approach to the bill before the chamber. As it is, he ought to stick to the area of government where he is currently not doing very well, and that is in the area of immigration and multicultural affairs.

The Howard government has introduced biannual indexation and has developed the only serious reforms to the Commonwealth superannuation schemes. I refer to the comments made by the members for Wills on the government's record on superannuation. I want to reassure the House and anyone who is listening that the Howard government has done much to bolster and improve the superannuation system in Australia. The superannuation system today is stronger and better able to meet people's needs than it was before this government came to office.

The member for Wills also raised the issue of extending biannual indexation to PNG superannuation pensions. PNG pensions are provided for under regulations and are therefore not included in this bill. When you look at the four points of the amendment moved by the member for Wills, he simply missed the point. This government has an outstanding performance, and this bill will include military pensions. The member for Wills really ought to do his homework before he comes into the House and makes a fool of himself. I commend this legislation to the chamber.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation for the bill and proposed amendments announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (8.55 p.m.)—I present a supplementary explanatory memorandum to the Superannuation Legislation Amendment (Indexation) Bill 2001. I move government amendment (1):

(1) Page 12 (after line 13), at the end of the Bill, add:

Schedule 3—Defence Force Retirement and Death Benefits Act 1973

Defence Force Retirement and Death Benefits Act 1973

1 Subsection 98A(1)

Insert:

first quarter, in relation to a half-year, means:

(a) for a half-year beginning on 1 January in a year—the March quarter of the year; and

(b) for a half-year beginning on 1 July in a year—the September quarter of the year.

2 Subsection 98A(1)

Insert:

half-year means a period of 6 months beginning on 1 January or 1 July in any year.

3 Subsection 98A(1)

Insert:

prescribed half-year means the half-year commencing on 1 January 2002 or a subsequent half-year.

4 Subsection 98A(1) (definition of *prescribed year*)

Repeal the definition.

5 Subsection 98A(2)

Omit "March quarter", substitute "first quarter in a half-year".

6 Subsection 98B(1)

Omit "March quarter" (wherever occurring), substitute "first quarter".

7 Subsection 98B(1)

Omit "year" (wherever occurring), substitute "half-year".

8 Subsection 98B(2)

Omit "year" (wherever occurring), substitute "half-year".

9 Subsection 98B(3)

Omit "year" (wherever occurring), substitute "half-year".

10 Subsection 98B(3)

Omit "March quarter" (wherever occurring), substitute "first quarter".

11 Subsection 98B(4)

Omit "year" (wherever occurring), substitute "half-year".

12 Subsection 98B(5A)

Omit "March quarter" (wherever occurring), substitute "first quarter".

13 Subsection 98B(5A)

Omit "year" (wherever occurring), substitute "half-year".

14 Paragraph 98B(5B)(a)

Repeal the paragraph, substitute:

(a) in relation to the prescribed half-year that commenced on 1 July 2001—the amount that was the existing amount in relation to that provision, as calculated under this section immediately before the commencement of *[this amending item]*; and

15 Paragraph 98B(5B)(b)

Omit "year", substitute "half-year".

16 Subsection 98B(7)

Omit "30 June" (wherever occurring), substitute "30 June or 31 December (as the case requires)".

17 Subsection 98B(7)

Omit "year" (wherever occurring), substitute "half-year".

18 Section 98C

Omit "year" (wherever occurring), substitute "half-year".

19 Subsection 98D(1)

Omit "year" (wherever occurring), substitute "half-year".

20 Subsection 98D(2)

Omit "year" (wherever occurring), substitute "half-year".

21 Subsection 98D(3)

Omit "16 June in the preceding year", substitute "16 June or 16 December (as the case requires) in the preceding half-year".

22 Subsection 98D(4)

Omit "16 June in the preceding year", substitute "16 June or 16 December (as the case requires) in the preceding half-year".

23 Subsection 98D(4)

Omit "30 June in the preceding year bears to 12", substitute "30 June or 31 December (as the case requires) in the preceding half-year bears to 6".

24 Section 98E

Omit "30 June in a year", substitute "30 June or 31 December (as the case requires) in a half-year".

25 Subsection 98F(1)

Omit "year" (wherever occurring), substitute "half-year".

Note: The heading to section 98F is altered by omitting "**year**" and substituting "**half-year**".

26 Subsection 98F(2)

Repeal the subsection.

27 Subsection 98F(3)

Omit "year" (wherever occurring), substitute "half-year".

28 Subsection 98G(2)

Omit "year" (wherever occurring), substitute "half-year".

Note: The heading to section 98G is altered by omitting "**year**" and substituting "**half-year**".

29 Subsection 98G(3)

Repeal the subsection.

30 Sections 98GA and 98GB

Repeal the sections.

31 Application

(1) The amendments and repeals made by this Schedule apply:

(a) for the purpose of working out an increase in the rate of a pension benefit that is payable immediately before:

(i) the prescribed half-year beginning on 1 January 2002; and

(ii) each subsequent prescribed half-year; and

(b) for any other purpose related to the purpose mentioned in paragraph (a).

(2) To avoid doubt, the amendments and repeals made by this Schedule do not affect any increase in the rate of a pension benefit that arose from the operation of any provision amended or repealed by this Schedule.

The government today is introducing an amendment to the Superannuation Legislation Amendment (Indexation) Bill 2001. This amendment adds a new schedule to the bill. The schedule amends the Defence Force Retirement and Death Benefits Act 1973 to provide for twice-yearly indexation of pensions paid under the provisions of that act. The amendment will bring the indexation arrangements for Defence Force Retirement and Deaths Benefits Scheme pensions into line with those pensions paid under the Superannuation Act 1922 and the Superannuation Act 1976. Pensions will be increased in January and July each year where there is an increase in the half-yearly CPI.

The honourable member for Reid in his contribution criticised the government for its delay in announcing indexation of military superannuation arrangements. I want to put the honourable member's mind at rest. Indexation of military superannuation arrangements was referred to the external review of the Australian Defence Force, the Nunn review. This was entirely within the terms of reference of that review. Major-General Nunn indicated that his report would recommend that the indexation arrangements for military superannuation be brought into line with other Commonwealth pension indexation arrangements. The government has acted quickly to implement twice-yearly indexation for military superannuation pensions. Defence members will be entitled to biannual indexation in January 2002, the same as for civilian members. There is no issue, and the member for Reid is entirely out of order in making these false allegations. I commend this amendment to the chamber.

Amendment agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by **Mr Slipper**)—by leave—read a third time.

INTELLIGENCE SERVICES BILL 2001

Cognate bill:

INTELLIGENCE SERVICES (CONSEQUENTIAL PROVISIONS) BILL 2001

Second Reading

Debate resumed from 27 June, on motion by **Mr Downer**:

That the bill be now read a second time.

Mr BRERETON (Kingsford-Smith) (8.59 p.m.)—I am pleased to speak tonight on the Intelligence Services Bill 2001 and cognate legislation. These bills will place Australia's foreign intelligence collection agencies, the Australian Secret Intelligence Service and the Defence Signals Directorate, on a statutory basis. This legislation will also establish a new joint parliamentary committee to oversee the administration and the expenditure of ASIS and the Australian Security Intelligence Organisation. Subject to amendment of the bill, the new joint committee will also cover DSD. Labor is strongly committed to putting both ASIS and DSD on a statutory basis and subject to appropriate parliamentary oversight. In the context of last Tuesday's horrific terrorist attack on the United States, it is important to note that this legislation will enhance the effectiveness of Australia's intelligence agencies in dealing with threats to our national security.

This bill was introduced into this House on 27 June 2001 and referred to the Joint Select Committee on Intelligence Services. That committee was ably chaired by the member for Fadden and I served as deputy chair. Apart from myself, five Labor members and senators served on the committee: the member for Watson, the member for Banks, the member for Burke, and Senators Faulkner and Ray. I would like to again thank all members of the Joint Select Committee on Intelligence Services for their contributions to its work which was undertaken in a spirit of cooperative bipartisanship.

Labor members of the committee proposed a wide range of recommendations to improve the bill and enhance its accountability mechanisms. All Labor recommendations were adopted by the select committee, which produced a unanimous and bipartisan report tabled and debated in this House on 27 August. I am pleased to report tonight that I have been advised that the government has in whole, or very substantially, accepted all but one of the 18 recommendations of the joint select committee. The government has accepted the major recommendation of the Labor committee members concerning measures to limit the bill's immunity provisions, to enhance its privacy measures and to include the Defence Signals Directorate in the scope of a new joint parliamentary committee. I am told that the government will be putting forward amendments in response to Labor recommendations dealing with possible ASIS and DSD intelligence activities concerning Australian persons.

In the debate on 27 August on the select committee's report, I observed that, as originally drafted, the bill was quite unsatisfactory. It failed to provide adequate safeguards for the rights and privacy of Australian citizens at home and abroad. The committee's bipartisan report provided a way forward, and I am pleased that the government has seen its way clear to adopt the thrust of its recommendations. The amendments that the government now proposes to introduce will provide a much improved legislative framework and accountability regime for ASIS and DSD operations.

The Intelligence Services Bill 2001 draws extensively on provisions and precedents drawn from the 1979 ASIO Act and the United Kingdom's Intelligence Services Act 1994. The bill interfaces with the ASIO Act and the Inspector-General of Intelligence and Security Act 1986. The primary functions of ASIS and DSD are defined in sections 6 and 7 of the bill as obtaining intelligence about the capabilities, intentions or activities of people or organisations outside Australia and communicating such intelligence in accordance with the government's requirements. ASIS is also empowered to conduct counterintelligence activities and liaise with foreign intelligence and security services. DSD is further empowered to assist Commonwealth and state authorities with respect to information security issues and cryptography and communication technologies.

Section 11 of the bill provides that ASIS and DSD are to perform their functions 'only in the interests of Australia's national security, Australia's foreign relations or Australia's national economic well-being' and only to the extent that these matters are affected by the capabilities, intentions or activities of people or organisations outside Australia. ASIS and DSD functions do not include police functions or law enforcement. Section 12 of the bill provides that ASIS and DSD must not undertake any activity unless the activity is necessary for the proper performance of their functions or authorised or required by another act.

This evening I would like to highlight a number of features of the bill which have been of concern to Labor and which the government has agreed to amend. Subclause 6(1)(e) of the bill further empowers ASIS to undertake such other activities as the responsible minister directs relating to the capabilities, intentions or activities of people or organisations outside Australia. This subclause is intended to provide a degree of flexibility for the government in its tasking of ASIS. It will allow the government to modify ASIS' functional activities, under very limited conditions, should the need arise. Subclause 6(2) details these limited conditions. The responsible minister must consult other ministers with related responsibilities prior to directing ASIS to undertake any other activities under subclause 6(1)(e).The minister must be satisfied that there are arrangements in place to ensure there are defined limits to the activity in question and that acts done in relation to the activity must be reasonable. A direction under subclause 6(1)(e) must be in writing. Very importantly, subclause 6(4) provides that, in performing its functions, ASIS must not plan for or undertake paramilitary activities or activities involving violence against the person or the use of weapons.

The joint select committee recognised the necessity for the 'other activities' provisions of subclause 6(1)(e) and endorsed the con-

straints imposed by the bill, especially the prohibition on violence against the person and paramilitary activities. However, in order to establish an appropriate measure of parliamentary accountability, the select committee recommended that the bill be amended to require the responsible minister to advise the new joint parliamentary committee of the nature of any other activities to be undertaken by ASIS. The government has accepted this recommendation. The government has also proposed an appropriate definition of 'paramilitary activities' as 'activities involving the use of an armed unit, or other armed group, that is not part of a country's official defence or law enforcement forces'.

A major issue of concern to Labor that arose during the select committee's deliberations was the scope of possible ASIS and DSD intelligence collection related to Australian persons. Sections 6 and 7 of the bill will empower ASIS and DSD to obtain information in respect of foreign persons and organisations overseas and Australian persons and organisations overseas. In evidence to the select committee, both ASIS and DSD emphasised that, in the normal course of operations, neither agency targets Australian citizens overseas for intelligence collection. Both agencies stated their purpose as being foreign intelligence collection. They also emphasised the significance of the nationality rules that place constraint on the handling of information relating to Australian citizens that may be obtained incidentally in the course of foreign intelligence operations. Both ASIS and DSD did acknowledge, however, that, in certain limited circumstances, it could be appropriate and permissible under current practice to collect intelligence concerning an Australian person overseas.

While this may not be common practice, intelligence collection activities focused on Australian citizens and organisations overseas will be allowable under the bill. The communication of such intelligence would be subject to rules made by the responsible minister in accordance with section 15 and having regard to the need to ensure that the privacy of Australian persons is preserved as far as is consistent with the proper performance by the agencies of their functions. It is clearly possible to envisage circumstances in which intelligence collection related to an Australian person would be appropriate and desirable. An Australian person engaged in terrorist activities overseas is one obvious possible example. However, reliance on the nationality rules, which are not incorporated into the bill and can be changed by responsible ministers, appears to us to be an insufficient long-term safeguard for the privacy and the interests of Australian citizens overseas. This is especially so when comparison is made with the stringent legislative controls on covert intelligence collection within Australia for national security purposes that are in the ASIO Act 1979, the Telecommunications (Interception) Act 1979 and the Telecommunications Act 1997. Accordingly, at the initiative of Labor members, the joint select committee recommended that the bill be redrafted to include a requirement for specific ministerial authorisation of any intelligence collection, or other activities relating to Australian persons for such collection or other activities, to relate to national security and that such authorisations not exceed six months duration, unless renewed by the minister. Such an approach would be broadly comparable to the special powers warrant provisions of division 2 of the ASIO Act 1979.

The government has accepted the overall thrust of these recommendations; however, developing an acceptable definition of national security has proved fraught with difficulty. We can all put forward definitions of national security, but it is very difficult to achieve agreement on a definition that is sufficiently inclusive to cover relevant contingencies but not so expansive as to open the door to undesirable possibilities. It is also noteworthy that the term 'national security' is used without definition in no fewer than 53 other acts of parliament and 22 separate regulations. In these circumstances, the government has asserted that a definition of national security in this bill could have uncertain and wide-ranging implications for other legislation.

Following very constructive and detailed discussions that I and my office have had

with the Director-General of ASIS, Mr Allan Taylor, the Director-General of ASIO, Mr Dennis Richardson, the Director of DSD, Mr Ron Bonighton, and officers of the various agencies and the Attorney-General's Department, an alternative approach has been developed. At this point I would like to thank my adviser Dr Philip Dorling for his very considerable and valuable efforts in working through the details involved in this with the agency heads. Instead of trying to define 'national security', it is now proposed that new clauses specify precisely the circumstances in which a minister may give an authorisation concerning an Australian person. This approach is to be set out in proposed new subclauses 8(1) and 9(1)(a) and (1)(b), which are to be introduced by the government this evening. These subclauses will require ASIS and DSD to obtain ministerial authorisation under section 9 before undertaking any activity for the specific purpose of producing intelligence on an Australian person who is overseas or before undertaking an activity that will have, or is likely to have, a direct effect on an Australian person overseas.

Before a minister gives an authorisation for an ASIS or DSD operation specifically directed towards, or likely to directly affect, an Australian person overseas, the responsible minister will have to be satisfied that the person in question is or is likely to be involved in one or more of a limited number of activities. I will list these activities for the benefit of the House. They are: activities that present a significant risk to a person's safety; acting for, or on behalf of, a foreign power; activities that are, or are likely to be, a threat to security; activities related to the proliferation of weapons of mass destruction or the movement of goods which are or would be subject to Australia's defence export controls; committing a serious crime by moving money, goods or people; committing a serious crime by using or transferring intellectual property; or committing a serious crime by transmitting data or signals by means of electromagnetic energy.

A number of aspects of this new approach are of significance. The proposed new subclause referring to activities that present a significant risk to a person's safety covers risk of death, injury, kidnapping or imprisonment. An Australian person engaged in terrorist activities overseas, whether directed against our nation or any other country, would clearly be a legitimate intelligence target. The term 'foreign power' will have the same meaning as in the ASIO Act 1979—that is to say, a foreign government, an entity directed or controlled by a foreign government or a foreign political organisation.

'Acting for or on behalf of a foreign power' will include Australian persons holding office in or working for a foreign government or a foreign political organisation. Mere membership of a foreign political party will not in itself amount to acting for or on behalf of a foreign power. 'Security' has the same meaning as in the ASIO Act 1979; that is, the protection of Australia from espionage, sabotage, politically motivated violence, promotion of communal violence, attacks on Australia's defence system or acts of foreign interference.

The proposed new subclause referring to the proliferation of weapons of mass destruction and the movement of goods subject to Australian defence export controls will effectively cover Australian persons who may be engaged in nuclear, chemical or biological weapons proliferation or in conventional arms trafficking. This provision is clearly in the interests of both our national security and international efforts to combat proliferation in terrorism. 'Serious crime' will be defined as conduct that, if engaged in within or in connection with Australia, would constitute an offence against the law of the Commonwealth, a state or a territory punishable by imprisonment for a period exceeding 12 months. All authorisations of intelligence activity under the proposed new subsection 9 will be subject to the restrictions of section 11 that provide that the functions of the agencies can be performed only in the interests of Australia's national security, Australia's foreign relations or Australia's national economic wellbeing. Thus, for example, authorisation of activities for the specific purpose of collecting intelligence on an Australian person suspected of involve-

ment in a serious crime must also relate to Australia's national security, foreign relations or national economic wellbeing. People-smuggling would be covered, as it relates to an aspect of national security, that is, our border control.

It is also of note that the proposed new subsection 9 will require the agreement of the Attorney-General for any intelligence activity concerning an Australian person and a threat to security as defined by the ASIO Act. The involvement of the Attorney-General is an additional safeguard, and this provision will preserve the existing relationship between ASIS and DSD on the one hand and ASIO on the other. It further mirrors ASIO's foreign intelligence collection role inside Australia, which is subject to authorisation by the Minister for Foreign Affairs and the Minister for Defence.

Overall, these proposed new provisions provide a satisfactory framework to give effect to the intention of the joint select committee recommendations and provide appropriate limits and safeguards on intelligence activity concerning Australian persons. In the absence of an overall definition of 'national security', the government has also agreed to Labor's proposals for two new clauses which, drawing on comparable provisions of the ASIO Act, make it clear that the agencies have no role in respect of legitimate Australian political activity. To be incorporated in sections 11 and 12 of the bill, these new provisions include an explicit statement that the functions of the agencies do not include undertaking any activity for the purpose of furthering the interests of an Australian political party or other Australian political organisation. Furthermore, both the Director-General of ASIS and the Director of DSD will be duty bound to take all reasonable steps to ensure their agencies are kept free from any interference or considerations not relevant to their legislated functions and that nothing is done that might lend colour to any suggestion that either agency is concerned to further or protect the interests of any particular section of the community or to undertake any activity beyond their legitimate roles.

Potentially extensive immunities from civil and criminal liability for ASIS and DSD under section 14 of the Intelligence Services Bill and division 476.5 of the associated act were the subject of lengthy consideration by the joint select committee. ASIS and DSD asserted that immunities were required on the grounds of global technological change and Australian laws that impose unintended constraints on intelligence collection overseas. Labor members of the joint committee spent considerable time exploring precisely what activities the immunity provisions would cover and how immunity might work in practice.

The joint select committee report made a number of important recommendations that will significantly narrow the potential scope of the immunities provided by the bill and establish safeguards and protocols for their operation. In this, the joint select committee was assisted by the valuable drafting input of the Office of Parliamentary Counsel. Amongst other safeguards, the committee recommended that the bill be amended to make it clear that the immunity provisions do not permit any act inside Australia which ASIO could not do without proper authorisation under the ASIO Act 1979, the Telecommunications (Interception) Act 1979 or the Telecommunications Act 1997. Such a measure will ensure that there is no back door for covert intelligence collection in Australia outside the established legal checks and balances. The committee further recommended that the Inspector-General of Intelligence and Security have the responsibility of certifying that an act has been done in proper performance of an agency's functions and may therefore be covered by the provisions of section 14.

The government has accepted these recommendations and is now proposing appropriate amendments to both the Intelligence Services Bill, division 476.5 and the Cybercrime Bill. The government has also accepted the recommendations of the joint select committee that protocols for the operation of section 14 and division 476.5 should be developed and approved by responsible ministers and the Attorney-General and that these protocols should be provided to the

Inspector-General of Intelligence and Security before the commencement of this legislation. Overall, these proposed amendments and accompanying measures should provide a satisfactory framework for the operation of immunities for ASIS and DSD operations.

With regard to other provisions of the bill, the government has accepted the select committee's recommendation that arrangements for briefing the Leader of the Opposition about ASIS are the same as those relating to ASIO. The government has also accepted a range of recommendations by the joint select committee to ensure that the new joint parliamentary committee will operate along the same lines as the present joint committee on ASIO. The new joint parliamentary committee will not deal with operational matters but will have oversight in relation to expenditure and administration. It will have a significant oversight role in relation to the privacy rules, protocols and the operation of section 14 immunities and any direction to ASIS to undertake other activities.

The government has also accepted Labor's recommendations that the scope of the committee's functions be expanded to include the Defence Signals Directorate. Parliamentary scrutiny of DSD is, we know, highly desirable. The joint committee will consequently be known as the Joint Parliamentary Committee on ASIO, ASIS and DSD. With these amendments, this bill will significantly enhance parliamentary oversight of Australia's intelligence collection agencies.

One joint select committee recommendation not accepted by the government relates to the provisions excluding operational activities and subjects from the functions of the new joint parliamentary committee. Section 30(3) of the bill provides that the functions of the committee do not include 'reviewing particular operations that have been, are being or are proposed to be undertaken by ASIO or ASIS'. The joint select committee report recommended deletion of the words 'have been' from the subclause. As this relates to operational matters, albeit in the past, Labor does not consider it imperative to press for the acceptance of this recommendation. Operation of the legislation will require careful scrutiny. Should Labor be elected to government at the forthcoming poll, we will commission a review of the operation of the act after two years.

In the context of the terrible tragedies in New York and Washington, some commentators have suggested that democratic societies must sacrifice civil liberties and privacy in the interest of national security. Labor does not believe this is the case. With the major amendments proposed, this bill shows that it is possible to strike a proper balance between accountability and transparency and the secrecy required for effective operations in the national interest. The bill will be greatly improved by the amendments that have been agreed to. Labor has initiated them, and we are pleased to have played a part in that. We will be very pleased to support the outcome. We will have achieved this through both sides of politics working through important national interest issues in a very constructive and bipartisan fashion. It is a matter of regret that that has not always been the case in the government's handling of some other recent national interest legislation in this House. I commend the legislation in anticipation of the amendments that the government will introduce.

Mr JULL (Fadden) (9.25 p.m.)—With such a heavy legislative program ahead of us, I do not intend to delay the House too much tonight. I would like to thank the member for Kingsford-Smith for the presentation he has just made on the Intelligence Services Bill 2001 and the Intelligence Services (Consequential Provisions) Bill 2001 and to echo his statements about the operation of the parliamentary Joint Select Committee on Intelligence Services, which went through these bills. It was probably one of the most difficult jobs that I have faced during my 25 years in this place. That spirit of cooperation was really quite tremendous, as it should be when the nation's security is under examination. I appreciated the bipartisan nature of all members of that committee. They were working together to try to get the best possible legislation.

I would also like to extend my thanks to the foreign minister, the Attorney-General, all their staff and the principals of the agen-

cies for the cooperation and the help that they gave us. Once these amendments come through, this bill will be entirely different from that with which we started just a few months ago. It was generally thought in the committee that there was room for expansion of the oversight of the parliamentary committee. I absolutely agree with the member for Kingsford-Smith's proposition that the Defence Signals Directorate be incorporated in that oversight.

It is interesting that this was a public exercise. That in itself has been really quite remarkable. It is not the first time it has happened. There were amendments last year to the ASIO bill. Those amendments were examined by the Parliamentary Joint Committee on the Australian Security Intelligence Organisation, and they went into the public forum. I paid tribute to ASIO, ASIS and DSD after our last exercise for being prepared to subject themselves to this parliamentary scrutiny. I am sure it was a fairly amazing experience for them. In many respects I think it was a fairly amazing experience for the general public. This was quite interesting because this was the first time that these organisations had been exposed not only to that sort of parliamentary scrutiny but also to the scrutiny of the general public.

One of the signs of maturity of the committees of this parliament has certainly been coming through in recent times via the Parliamentary Joint Committee on the Australian Security Intelligence Organisation and the work that it has done. All of us in this particular calling would have constituents ring us from time to time complaining about the activities of our security organisations—I know I do in my particular constituency. Some of the folklore that has developed over the years in terms of the operations of ASIO and our other security organisations is legendary. One of the things we have achieved by putting this public scrutiny into place has been the end of some of the mystique and folklore that surrounded these organisations.

The thing that really amazed me during these particular hearings was the complete lack of interest by the press. During that period there was at best one newspaper journalist who attended fairly regularly and another one who may have dropped in. I have no doubt that in the months and years to come we will have continued shock-horror stories coming through about the activities of the Australian security organisations. The opportunity was there for the press to see the process under way and, quite frankly, they just did not take it. I thought that in itself was quite amazing.

Let me also say that, although there has been a sense of maturity in the committee system in this place through the oversight of the ASIO committee, the committee has a very chequered history. While it has been established for some years I think it would be fair to say that it has not always worked the way we would have hoped. It has taken quite some time for the confidence to be put together by the parliamentary committees and by the agencies themselves in order to really find out what the committee system is all about and just how far they can go in terms of mutual trust. I hope that we have had ample proof over the last five or six years at least that the relationship between the parliament and ASIO is one of cooperation and of mutual benefit. I hope that when the new joint select committee is fully under way we will be able to build up a sense of trust and cooperation between the parliament, the parliamentary committee, ASIS and Defence Signals. I think that it can work to everyone's advantage and, certainly, it is part of the process of giving the public of Australia even more confidence in the security systems that we have.

One of the interesting things about this particular legislation with the establishment of the new joint committee is the fact that we are going to have to give annual reports as to the activity of that committee, and those reports will be made to the parliament and as such they will become quite public documents. That is an aspect of this legislation that should be commended.

This has been a very interesting exercise. The cooperation between all members of the committee has really been quite tremendous. With the acceptance by the government of the amendments that have been put up, we do have some very good legislation indeed. As the member for Kingsford-Smith men-

tioned, during this past week with some of the horrors that we have seen and some of the difficulties that Australia has faced in terms of its border security there can be no greater role for any government or any parliament to play than in the security of its nation and its people. I hope that this new legislation will go some way into helping to provide not only that security but also that sense of confidence in our security organisations. I commend the bill with the new amendments to the House.

Dr MARTIN (Cunningham) (9.32 p.m.)—My colleague and friend the shadow minister for foreign affairs has most elegantly and in great detail outlined Labor's views and position on the Intelligence Services Bill 2001. Accordingly, I will keep my comments brief and focus more specifically on the direct impact of this bill on Defence agencies.

Firstly, it is important to reinforce the fact that Labor has taken a constructive, bipartisan approach in dealing with a piece of legislation which has vitally important measures regarding Australia's foreign intelligence collection agencies, the Australian Secret Intelligence Service, ASIS, and the Defence Signals Directorate, the DSD. Importantly, the member for Fadden in his contribution tonight remarked on the way in which the joint select committee that was established to look into the proposed legislation was able to work in a collective fashion and, having taken on board the various submissions and sat down and deliberated in very much a bipartisan fashion, has brought forward the legislation in the form that it has tonight. I certainly echo his comments. People do not often see the constructive approach to important and significant legislation that has a far-reaching impact in Australia. Some members of the media tend to sensationalise elements and different aspects of legislation—the way it is enacted or the way people adhere to it. I share the member for Fadden's concern that perhaps in the future we may see some of those shock-horror stories when opportunities could have been taken for a very thorough examination by the Australian media into what was being proposed, the submissions that were being considered and how a committee of this parliament examined the legislation in such an effective and bipartisan way.

The value and importance of effective intelligence capabilities, therefore, should never be underestimated. That has been quite graphically reinforced during the past week. Yesterday we had the experience in this place—firstly, with the commemorative service at noon and, subsequently, with the condolence motion moved by the Prime Minister and seconded by the Leader of the Opposition—to see first-hand the response of representatives of this great country talk about their feelings and their experiences associated with the terrorist attack on New York, Washington and Pennsylvania last week. As most people understand now, the value placed on effective intelligence capabilities clearly could never, and should never, be understated. As far as Australia is concerned, those dreadful terrorist attacks of last week do bring home very graphically and sharply the fact that we need always to be vigilant—and in Australia it is no different.

We on this side of the House have indicated that we will be supporting the legislation with the amendments that the government intends to move tonight, given that they are in line with the recommendations of the Joint Select Committee on Intelligence Services. It is important that we do place on record our appreciation of members of the committee that worked so diligently to produce the legislation that we are debating. On our side there was the deputy chair of the committee and my colleague, Mr Brereton, and other Labor members of the joint committee: John Faulkner, Leo McLeay, Daryl Melham, Neil O'Keefe and Robert Ray. As the member for Fadden indicated, a lot of very hard work was undertaken on his side to produce the inquiry that led to much better legislation. Amendments will be moved by the government a little later on tonight which Labor believes will improve the bill dramatically. It is very good in our modern democracy to be placing the matters that this bill deals with on a statutory basis.

Labor, as is indicated by the shadow minister for foreign affairs, is committed in principle to putting both ASIS and the DSD on a statutory basis and also making them subject

to appropriate parliamentary oversight. As indicated also, this bill will establish a joint parliamentary committee to oversee the expenditure and administration of ASIS and the Australian Security Intelligence Organisation. Subject to amendments of the bill, the new joint parliamentary committee will also cover the DSD—which I and my Labor colleagues consider, as I have indicated, to be appropriate and necessary. We are certainly pleased that the government has picked up that particular Labor initiative.

The government has accepted, in whole or very substantially, all but one of the recommendations of the joint select committee. The government has accepted the major recommendations of the Labor members concerning measures to limit the bill's immunity provisions, to enhance privacy measures and to include the Defence Signals Directorate in the scope of the new parliamentary committee. The government has also put forward amendments in response to Labor recommendations dealing with possible ASIS and DSD intelligence activities concerning Australian persons. Overall, the amendments now proposed by the government provide for a much improved legislative framework and accountability regime for the future operations of ASIS and DSD.

The primary functions of ASIS and DSD are defined in clauses 6 and 7 of the bill as obtaining 'intelligence about the capabilities, intentions or activities of people or organisations outside Australia' and communicating such intelligence in accordance with the government's requirements. ASIS is also empowered to conduct counterintelligence activities and liaise with foreign intelligence or security services. DSD is further empowered to assist Commonwealth and state authorities in respect of information security issues and in relation to cryptography and communications technologies—which is most important in allowing DSD's technical expertise to be used in assisting law enforcement agencies with what will continue to be a serious challenge in the future, particularly regarding individuals and organisations seeking to use cryptography and other measures to protect information associated with criminal activities. I emphasise that this is with regard to technical expertise only. Clause 11 provides that ASIS and DSD are to perform their functions:

> ... only in the interests of Australia's national security, Australia's foreign relations or Australia's national economic well-being, and only to the extent that those matters are affected by the capabilities, intentions or activities of people or organisations outside Australia.

ASIS and DSD functions do not include police functions or law enforcement. Clause 12 provides that ASIS and DSD:

> must not undertake any activity unless the activity is:
>
> (a) necessary for the proper performance of its functions; or
>
> (b) authorised or required by or under another Act.

Clauses 6 and 7 of the bill will empower ASIS and DSD to obtain information in respect of foreign persons and organisations overseas and Australian persons and organisations overseas. In evidence to the committee, both ASIS and DSD emphasised that, in the normal course of operations, neither agency targets Australians overseas for intelligence collection. This of course was a point that the shadow minister for foreign affairs similarly made in his contribution. Both agencies stated that their purpose is foreign intelligence collection, and they also emphasised the significance of the nationality rules that place strict constraints on the handling of information relating to Australian citizens that may be obtained incidentally in the course of foreign intelligence operations. Both ASIS and DSD did, however, acknowledge that in certain limited circumstances it could be appropriate and permissible under current practice to collect intelligence concerning an Australian citizen or organisation overseas. Again, this was a point that my colleague the shadow minister for foreign affairs made, and he gave some specific examples.

Subclauses 9(1)(a) and (b) provide that, in respect of any proposed activity concerning an Australian person and a threat to security, the relevant minister must also obtain the agreement of the Attorney-General. In effect, this provision preserves the existing relationship between ASIS and DSD on the one

hand and ASIO on the other. This provision further mirrors ASIO's foreign intelligence collection role inside Australia, which is subject to authorisation by the ministers for foreign affairs and defence.

Overall, these new proposed provisions provide a satisfactory framework to give effect to the intention of the joint select committee and they provide appropriate limits and safeguards on intelligence activity concerning Australian persons. Again, I think it is important to emphasise that these sorts of concerns were very much in the mind of the Labor colleagues who participated on the joint statutory committee.

Labor's work with regard to this bill and Labor's cooperative and constructive approach to required changes mean that we have a bill that strengthens the framework that our intelligence agencies work within and that ensures proper and effective safeguards that citizens of a modern democracy are entitled to and expect. Accordingly, I commend the bill and the forthcoming amendments to the House.

Mr BAIRD (Cook) (9.43 p.m.)—I rise tonight to support the Intelligence Services Bill 2001. Obviously we can see that this is a highly important bill, given the events of last week. As we sift through the events leading up to the terrible tragedy last week, there is no doubt that questions are being asked about security in the United States, the role of the CIA, the role of the FBI, how these events occurred and whether there were deficiencies in the CIA in terms of its operations, and I am sure we will hear much more in regard to that over the coming months and, undoubtedly, years.

The absolute significance and importance of security organisations in our country were demonstrated graphically by the events last week in the United States. People take these organisations for granted. Comments are made and jokes are told, but in fact the very security on which the country is established depends on such organisations as ASIO and ASIS and the very fine job which they carry out by alerting us to terrorists' threats, investigating subversive organisations, reviewing those who want to come into the country, and protecting Australia's security in general forms.

So the reliance on high tech is highly significant, but infiltration of organisations and providing direct data access to ASIO and ASIS are also highly significant. There is no doubt that ASIO, ASIS and the National Crime Authority represent important underpinnings of Australia's democratic way of life, which we all value. Especially at times like this, we recognise how fortunate we are in this country to have the level of security and safeguards that we do, and we have to cherish our democratic traditions and heritage.

This bill provides worthwhile activities. The first is that it establishes a joint standing committee which will provide oversight of both ASIO and ASIS in an administrative sense, in the same way as the Joint Standing Committee on the National Crime Authority does—a committee which I currently chair and which my late colleague Peter Nugent chaired before me. Our role there is to oversee the administrative aspects of the organisation, to relate to the head and chairman of the organisation, to question them on what they are doing in general terms and to review their reports, et cetera. So this new committee will be appropriate. It will be a seven-man committee made up of people drawn from both the lower house and the Senate. That committee is important because it will provide appropriate parameters of both the regulatory framework and the degree of accountability, but it will also provide the flexibility that is needed to undertake the types of work that is required of both ASIO and ASIS. Striking the right balance is going to be an important consideration in this, and I believe the balance has been achieved in the bill before us.

On the one hand, nation states require intelligence information for their own wellbeing and security, and everything must be done to ensure that the organisations concerned have the appropriate powers to ensure that they are doing their job effectively. If they are too constrained, our ability to gather information about possible threats is weakened and our national security is endangered. On the other hand, these organisations can-

not operate in a vacuum. They cannot be completely free from scrutiny or accountability to the very people they are put in place to protect. That is the difficulty faced by this legislation, and I think the people concerned should be congratulated for their excellent work in achieving such a balance.

The provisions in the bill are the result of developments dating back to before the Australian Security Intelligence Service, ASIS, was acknowledged by the government in 1977. They can be traced back to several years before that when Justice Hope brought down the confidential findings of his Hope royal commission. Indeed, one of the recommendations was that the government make some official recognition that ASIS existed. The initial Hope royal commission was followed up with a second one in 1983. More recently, we have seen the Samuels and Codd royal commission of 1994, which arose from increasing interest and scrutiny of our intelligence organisations.

Among other things, this bill provides that statutory basis. It deals specifically with ASIS and the Defence Signals Directorate, the DSD, and defines their roles. It sets out the legal requirements of their operation, delimits their spheres of activity and their immunities, establishes a joint parliamentary committee and makes a number of minor technical and consequential changes.

It is absolutely essential we look at the limitations and immunities that are set out in the bill. The bill provides a number of limitations to ASIS and DSD's activities, such as that ASIS must not plan for or undertake paramilitary actions; ASIS and DSD may only take actions that are in the interests of national security; and neither organisation may take part in any law enforcement manoeuvre. In terms of liability, proposed section 14 of the bill immunises staff and agents of the security organisations from personal liability when in the line of duty, and that is also appropriate.

The bill also moves to improve security of the organisations. It makes it illegal for any former member of the services to go public with their knowledge of the organisations' practices, operations and procedures. It is absolutely essential that we maintain the integrity and the security of the organisations. The maximum penalty provided for in the legislation is two years.

The bill also provides for the establishment of the joint committee, which I mentioned before. It is a seven-member committee, comprising four members from the House of Representatives and three from the Senate. ASIS itself has actually argued that a parliamentary committee would improve both public perception of the organisation and the overall level of scrutiny and how it is operated.

As well as this, this bill requires that the responsible ministers provide written rules to ensure that ASIS and DSD pay all due regard to Australians' right to privacy. The Attorney-General must be consulted in the development of these rules, and IGIS must regularly brief the joint committee on the rules and any changes to them. The right of Australians to privacy is one of the utmost important aspects of our considerations in introducing this bill.

The consequential bill makes a number of purely mechanical amendments to facilitate the establishment of the joint committee. The Intelligence Services Bill gives the Australian public a number of benefits. Firstly, it enhances the accountability of Australia's major intelligence agencies—and accountability is an important aspect in establishing such an organisation. Secondly, it gives increased assurance to the public in regard to the control and conduct of their agencies. Thirdly, it ensures the ongoing integrity of the product provided to our government by these agencies. Finally, it thereby makes a significant contribution to our national security and the security of individual citizens in a very worrying time.

It is appropriate that this bill is introduced at a time such as this, when we have seen unprecedented security concerns in this country. I commend those who have been responsible for developing and preparing the legislation. I believe it is appropriate and worthy that this bill should be implemented as soon as possible, and it is very good to see the bipartisan way in which it is supported. I commend the bill to the House.

Mr MELHAM (Banks) (9.51 p.m.)—When the Joint Select Committee on Intelligence Services reported to this House on 27 August, I said to the House that in reviewing the Intelligence Services Bill I was guided by the question: who guards the guard while the guard guards you? The joint select committee came up with a unanimous report with 18 recommendations to government, and I can recall then saying that I was one who strongly urged the government to pick up all those recommendations. It is pleasing that the government has picked up, I think, 17 of the 18 recommendations—and, frankly, I can understand the basis for its not picking up the one that it has not.

From the opposition's side, the main representative taking part in discussions with the government has been the honourable member for Kingsford-Smith. His adviser, Dr Philip Dorling, has also played a crucial role in terms of the principles that the committee reported on and to which I think all members signed up. When you look at the members of the joint select committee, I think it is fair to say that, from a Senate point of view and a House of Representatives point of view, it was certainly a powerful committee. Included in its membership were former Labor ministers Senator the Hon. Robert Ray and Senator the Hon. John Faulkner. From the government's point of view, David Jull chaired the committee. Also there was the member for Kingsford-Smith, the Hon. Laurie Brereton, the deputy chair, who is a former Labor minister too.

We were all of one view—and, frankly, in current times that is difficult to achieve, because it is easy for people to try and play politics or score points off one another. That has not happened throughout the discussions on this bill, and I think it is a credit to all concerned. It is also a credit in a lot of respects to the agencies themselves. I know that there was a lot of nervousness throughout the process but, considering what we have now achieved, I think that nervousness was overcome.

The government amendments are on the table. In relation to the Intelligence Services Bill 2001 and cognate legislation, there are some 70 government amendments, some of which are procedural and some of which are substantial. In terms of the Intelligence Services (Consequential Provisions) Bill 2001, there are some seven amendments, a lot of which I think are technical. Those amendments will go through this House with its unanimous support—and, I think it is fair to say, also with the support of the agencies. We have done this in a cooperative fashion, and I think we have achieved the right balance. We have transparency, we have accountability, we have still maintained confidentiality and the parliament has not abrogated its role—and that is very important in terms of the message we need to send.

I believe that these amendments will allow the agencies to do their job properly. I note that the honourable member for Kingsford-Smith has said that, if Labor were elected to government at the next election, we would seek to review the operations of the bill in two years time—and I do not think the agencies or anyone should be frightened of that. I think what we need to do, especially in modern times, is to have ongoing and continuing reviews to make sure that the agencies retain their relevance in what are very fast-changing times. Quite frankly, I think the events of the last week or two show that all the billions of dollars poured into agencies—that is, with the proposed United States line that they would be going down with star wars and satellite defences—come to nought; and the most effective means of monitoring and discovering terrorist activities, amongst other things, are probably the things that we are considering in this bill that allow agencies to intercept and do a whole range of things to try and accurately obtain intelligence.

I notice that the honourable member for Kingsford-Smith and his adviser have come back into the chamber and paid me the courtesy of listening to what I have to say, and I thank them for that. But more importantly I thank them for their diligence and professionalism and their ability to professionally marshal resources around and through the Parliamentary Library. What has resulted is a piece of legislation that some of us—who, when it comes to the civil liberties point of view in recent times, are despairing of the way and direction in which some gov-

ernments and individuals want to go because we do not believe it will be effective—are able to stand up in the parliament and embrace because we have been involved in it. I think it is fair to say that a number of people have their fingerprints over this legislation, and it is better legislation for it. People have operated with goodwill. They have brought their knowledge and expertise to the table and worked with the agencies—and I do not apologise for that—to achieve what I think are very important principles.

I am worried because, if you look at what is happening overseas, I think some of the reactions are going too far and will not actually achieve the outcomes that those who are pushing them really want. I am reminded of something that Benjamin Franklin, one of the founding fathers of America, wrote in 1759. He said:

> They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety.

I think that, in the way we have handled this bill, we have got the balance right.

I was reading the paper today, and they are reporting what some in the United States want to do in terms of their intelligence services and the powers they want to give to their agents. I do not want to be overly critical, but it seems to me that some of the things they are suggesting will create more problems than they will solve. They want to bestow extraordinary powers on their agents, and I do not think it is necessary. What I appreciate is that what we have actually done before the terrorist act in America is to consider this legislation and come up with amendments that will serve us well, given what happened in America. It is my view that what you are seeing tonight will be replicated in the Senate—and, frankly, this legislation needs to be passed very quickly with these government amendments so that our agencies are prepared to act within the law now. What has happened is that the agencies have said to us, 'Look, we are constrained in our operations.' That is why there was the need for a bill and these subsequent amendments, because the agencies have said to us that obviously they are acting within the framework of the law, that they do not see it as their role to go outside the law, and that is as it should be. It is the policy decision of this parliament to lay down the law.

I am not a critic of the courts either, by the way, as some people are, because I think the courts play an important role as well, but parliament can change the law. That is not to say that there should be intimidation of the courts to interpret the law one way or the other. I am a great fan of the independence of our Australian judiciary. What we are doing here tonight is, in effect, through our constitutional role, laying down the parameters within which our agencies can act lawfully. We are saying, 'You are free to do it within these bounds—not beyond these bounds but within these bounds,' and that is important.

It is no mean feat to have a government present a bill that has been substantially rewritten—and it has been, but I will not go into the details of the amendments because the member for Kingsford-Smith eloquently handled those earlier, and the amendments will obviously be incorporated into the next stage of the debate. The bill has been substantially reworked. What has it resulted in? An improvement and, I think, ownership by both sides of the parliament—not one side, because the last thing agencies want in this area is a partisan view one way or the other. They want continuity from governments of whatever persuasion. They do not want an incoming government saying that they can do it better. That is what is interesting in the lead-up to an election. This issue could have been played a different way by the government, but I can tell you what the result would have been: there would be no legislation going through the parliament and our intelligence services would have had to wait until after the election. That would have been the result. Some of us on this side do not believe in surrendering on some of these issues unless they are properly scrutinised, unless proper processes are gone through and unless certain principles are adhered to.

I am pleased to be able to stand up in the parliament tonight to support such a bill. A few people would not believe that those of us with civil liberties views could stand up in the parliament and do this, but I wear a number of hats—for example, civil libertarian

and member of parliament who has a responsibility to look at things from a balanced point of view and to call them as I see them. From my point of view, I am more than satisfied with the way this bill has been dealt with by the agencies. The formula for this needs to be picked up by governments of whatever political persuasion, and that is to allow scrutiny to take place, to allow the parliamentary committees to do their work within certain parameters and to allow some experts to come in and look at the stuff because it can be improved. I still pay tribute to Hilary Penfold QC from the Office of Parliamentary Counsel, who was involved in a public hearing on this bill that I found quite amazing. Her professionalism has improved this bill no end, when there might have been one or two who questioned her professionalism. She gave professional evidence to the committee which I think has enhanced the way we have dealt with it since. So there needs to be a bit of trust, and we do hold the agencies on trust, but I am confident that there is more than just trust here.

I commend the bill to the House. There is no need for me to go the full 20 minutes; there is no point. The points I make tonight are very simple. Both sides of the parliament have done their job with this bill. All people involved have handled themselves professionally, and I again want to pay tribute to those on my side but particularly to two people in the chamber, the member for Kingsford-Smith and his adviser, who together have made this their own. I am confident that, if we were to win the next election, the credentials of this shadow minister shown in his handling of this particular piece of legislation are going to be impeccable credentials if he becomes the Minister for Foreign Affairs. I commend the amendments to the House and I thank everyone involved. It is in all our interests to get this piece of legislation through the parliament as quickly as possible so the agencies can get on with their business within the law.

Ms JULIE BISHOP (Curtin) (10.07 p.m.)—Given the epoch making events of the past terrible and terrifying week in the United States, where terrorist attacks have violated the world's only superpower, where the most technologically advanced country in the world is now undoubtedly vulnerable to terrorism and where questions are now being asked as to how this apparently meticulously planned attack, with an apparently domestic and international network, could possibly happen in a country that spends such significant sums on counter-terrorism and intelligence gathering, the budget of the CIA and other intelligence agencies being estimated to be in the order of some $US30 billon. Given all that, it is chilling to go back and look at some of the words being written in the United States about the United States' preparedness for such an attack or similar.

Only recently I was reading a report of the Executive Session on Domestic Preparedness. It is a standing task force of leading practitioners and academic specialists concerned with terrorism and emergency management. It is sponsored by the John F. Kennedy School of Government, Harvard University, and the US Justice Department. It brings together experts with operational experience in relevant fields. It made its first report in March of this year, *Perspectives on preparedness: a new national priority*. The report of March 2001 said:

> Elected leaders and public safety and health officials across the United States are increasingly called upon to prepare for the worst form of man made disaster: a catastrophic terrorist attack. Although terrorism with a weapon of mass destruction (WMD) has thus far been a remote threat, it is a growing one for which the United States must be prepared.

It went on to say:

> America has already experienced terrorism with conventional explosives, including the bombings of the Oklahoma City federal building and the New York City World Trade Center.

That is referring to the earlier attack.

> Both attacks were horrific, but they demonstrated that America is reasonably well prepared for coping with the consequences of major bombings. An unconventional attack, however, particularly one involving a biological or chemical weapon, will pose new challenges. It may be difficult to detect when and where the event occurred, identify the agent used in the attack, and contain and treat large numbers of exposed individuals. The potential for public panic exists, and the long-

term requirements of recovery for people and the environment may be substantial.

In summary, *Perspectives on preparedness* said in its conclusion:

Terrorists could strike at any time, at any place, and without warning ... However, it is plainly impossible to protect the entire country twenty-four hours a day. Similarly it is impossible for U.S. intelligence and law enforcement agencies to know with certainty the identity, location, and intentions of all active terrorists.

Against the background of the terrible events of the last week in the United States of America, this bill before the House assumes a quite different complexion, for when it was introduced into the House back in June of this year it was said that this bill represented an historic step forward in enhancing accountability of particular agencies dealing with intelligence and security matters. At the time, we knew nothing of the awful events that lay ahead, but the foreign minister's words on that occasion are worth repeating in the context of the more current events in the United States. The foreign minister said:

To ensure national security, the appropriate development of foreign relationships and national economic well being in fast changing environments, countries must seek to make informed decisions. Information on which these decisions are based is drawn from many quarters, some of it freely available, some less so. As a result, many countries in the world have established intelligence agencies to gather information.

The foreign minister went on to say:

As far as Australia is concerned, the intelligence agencies play a vital role in enabling certain critical decisions to be made with the best possible knowledge base. The information they provide—

and here the foreign minister used the words of the commission of inquiry that reported on the Australian secret intelligence services in 1995, the Samuels and Codd report—

... represents 'a valuable element in the advancement of Australia's policies in the protection of its security'. In so doing—

the Foreign Minister said—

the agencies provide a highly cost effective service. Australia needs quality intelligence to enable it to compete and protect its position in an ever changing and complex world. It is appropriate that Australia has competent and effective intelligence agencies.

There can be no credible disagreement with that proposition.

Turning to the detail of the bills before the House, the focus of the bills is upon the Intelligence Services Bill. There are three bills, but the key bill under review is the Intelligence Services Bill, the others being the Intelligence Services (Consequential Provisions) Bill and certain aspects of the Cybercrime Bill. The origins of these bills go back to 13 May 1952, the date of the establishment by executive direction of the Australian Secret Intelligence Service, an agency responsible for covert foreign intelligence collection. As with other similar organisations, its work is sensitive and secretive and details of its operations are not public. Indeed, it was not until 1977 that the government of the day acknowledged publicly the existence of the Australian Secret Intelligence Service as our foreign intelligence agency.

A series of inquiries and reports over the years have recommended that, notwithstanding the covert nature of its activities, there ought be a legislative basis for the Australian Secret Intelligence Service, ASIS, to detail levels of accountability and oversight and to set out its functions. This government has subsequently determined that ASIS should be placed on a statutory footing, for in a parliamentary democracy the existence of an agency such as ASIS—and indeed the Defence Signals Directorate, which is also referred to in the bill—should be endorsed by the parliament and the scope and limits of its functions defined by legislation.

As Mr Justice Hope stated in the first Hope report arising from the 1974 royal commission on intelligence and security, the fundamental consideration favouring parliamentary sanction for ASIS is that the parliament is the instrument of democratic control of government in this country, so a statute establishing ASIS is a statute authorising the minister to act to control the service on behalf of the parliament itself, speaking for the people. And the minister is responsible to the parliament in a general way for ASIS.

The key parts of the bill include the provision of immunities for both ASIS and the Defence Signals Directorate, DSD, in respect

of the proper conduct of their functions; the provision of rules to protect the privacy of Australians; the creation of a parliamentary joint committee for ASIS and ASIO which will examine expenditure and administration of these agencies; the protection of the identity of ASIS staff, other than the Director-General; and further oversight by the Inspector-General of Intelligence and Security, IGIS, through the additional power to ensure agency compliance with appropriate ministerial authorisations.

The major tasks of ASIS can include reporting on major defence, international relations or national economic issues, as well as international efforts in support of peacekeeping and against threats from weapons proliferation. ASIS has pointed out, as it did in the parliamentary report on the intelligence services bills, that its functions do not include paramilitary operations. ASIS in fact stated that it is not a police or law enforcement agency, it does not have paramilitary responsibilities and it does not employ force or lethal means in carrying out the tasks set for it, nor are ASIS members trained in such techniques. ASIS may only perform functions determined by the government to protect and promote Australia's national security, foreign relations or economic interests. ASIS is responsible to the parliament through the Minister for Foreign Affairs, and its total appropriation in the 2001-02 budget was $54.304 million.

ASIO is, of course, also referred to in these bills. ASIO is the Commonwealth's domestic security intelligence organisation, responsible for protecting Australia and its people from espionage, sabotage, politically motivated violence, the promotion of communal violence, attacks on our defence system and acts of foreign interference. It derives its authority from the Australian Security Intelligence Organisation Act 1979.

After these bills were introduced into the House last June they were referred to the Joint Select Committee on Intelligence Services, chaired by the member for Fadden. I have been informed by many on both sides of the House that the member for Fadden did an extremely professional, thorough and competent job in chairing the committee. The committee tabled its report on the review of the intelligence services bills on 27 August. The focus of the committee's review was on the accountability mechanisms applying to the use of the immunity provisions under clause 14 of the bill. The scrutiny the committee gave to these bills is to be commended. It did identify a number of unintended consequences in the Intelligence Services Bill.

The recommendations of the committee included amendments to clause 14 to ensure that immunity could only be granted where an act was done in the proper performance of a function of the agency, the development of protocols to guide the operation of clause 14 and the requirement that clause 14 not come into effect until the Inspector-General of Intelligence and Security had received the protocols. There were amendments to clauses 8 and 9 regarding ministerial directions and authorisations which were to narrow the scope of possible intelligence collection directed towards Australians or Australian organisations based overseas to matters of national security. There was a recommendation to strengthen clause 15 regarding rules to protect the privacy of Australians by ensuring that the responsible minister must consult with the Attorney-General before making the rules relating to the communication and retention of information concerning Australians. There were amendments to enhance the parliamentary scrutiny and for additional powers, including the requirement that the minister advise the parliamentary joint committee of the nature of any direction made regarding an undertaking of ASIS and other such activities as the responsible minister directed. The committee also recommended a requirement to be briefed by the IGIS on the protocols relating to clause 14 and the privacy rules pursuant to clause 15 and a requirement that the DSD be subject to scrutiny by the committee.

These recommendations, which were worked up by a committee working in a bipartisan fashion, in the main were accepted by the government as enhancing the Intelligence Services Bill by providing an effective accountability framework to provide the con-

fidence that the Australian parliament and public can demand and expect from their intelligence agencies. In summary, the amendments to the bills will improve the control and accountability framework governing the agencies and their activities by clarifying the application of provisions detailing limited immunities both for ASIS and the DSD; enhancing oversight of the immunities provisions by involving the Inspector-General of Intelligence and Security, who can certify that an act is done in the proper performance of an agency's functions; obliging the agencies to respect Australians' rights to privacy by enshrining in this legislation the requirement that responsible ministers provide written rules to ensure the agencies pay due regard to these rights; and requiring that the Attorney-General be consulted in developing these rules and that IGIS brief the parliamentary joint committee on the rules and any changes to them. The amendments will include the Defence Signals Directorate of the Department of Defence in the accountability regime that has been proposed for ASIS and ASIO, so the parliamentary joint committee will oversee the expenditure and administration of all three agencies.

Like others on this side of the House I welcome the bipartisan support from Labor to advance this legislation. I believe these bills, with the amendments, provide a necessary and timely framework for our intelligence agencies and I believe it appropriate that these bills be passed without delay. I commend the bills to the House.

Mr PRICE (Chifley) (10.21 p.m.)—I am pleased to follow the honourable member for Curtin; we both share a great Labor name. On this occasion I totally support all of her remarks. Indeed, given some partisanship displayed more recently, the Intelligence Services Bill 2001 reflects the best traditions of our parliament: the government proposed some important and serious legislation; the opposition embraced that legislation; the government referred the legislation to a parliamentary committee made up of all parties of the parliament; and that committee deliberated on the legislation and made 18 important recommendations, 17 of which have been accepted by the government. Mr Deputy Speaker Nehl, you and I both know that with the majority of activity that occurs in this place, that is the rule rather than the exception.

Given the recent tragic events in America, this legislation is most important and has been given more urgency and poignancy by those terrible events. We should not rush to judge the failures associated with this awful terrorist attack on America, but I think it is true to say that some of America's intelligence agencies are copping a fair deal of criticism. It needs to be said—particularly given the prospect of a CHOGM meeting in Brisbane—that Australia was subjected to quite a severe test some 12 months ago with the Olympic Games. I congratulate ASIO and all the other agencies that participated in that. I have no need to remind you, Mr Deputy Speaker, or the House that it was incident free. There were no tragedies. In contributing to the debate on these bills, I wish to record my personal appreciation of the role that these agencies play. In another role, I was very privileged to see some of the material that is produced by DSD. It was most impressive. I shall never forget a Director-General of ASIS calling on me and taking me through the organisation, its modus operandi and some of its successes.

For a long time, there has been a parliamentary committee on ASIO—which I must say I have never served on—and it has operated with some success. This bill puts ASIS and DSD on a proper legislative framework, as it should be. In Australia we tend to follow the British tradition of keeping these agencies ultrasecret, as opposed to the American experience, where there is much more openness and transparency in parliamentary procedures in relation to the intelligence community. I welcome these bills, and I particularly welcome parliamentary scrutiny.

The bill probably lists more of what the committees cannot do rather than what the committees can do. The committee can review the administration and expenditure of ASIO or ASIS and any other matter referred to it by the responsible minister of parliament. However, the parliamentary committee

cannot review sources of information, other operational assistance or operational methods available; particular operations that have been undertaken or are proposed to be undertaken; information provided by a foreign government which does not consent to disclosure; aspects of activities of ASIO or ASIS that do not affect an Australian person; or the privacy rules developed by the responsible ministers of ASIS or DSD. The parliamentary committee may not conduct inquiries into individual complaints, and so it goes on. The parliamentary committee cannot compel the production of operationally sensitive information or information that would or might prejudice national security or foreign relations.

The purpose of my raising these things is not to complain or to carp but rather to suggest that this is an evolutionary matter. Firstly, I agree entirely with the ASIO proposition made to the parliamentary committee that one of the benefits of parliamentary scrutiny is to build bipartisan support for the activities of these agencies. I believe they are deserving and merit bipartisan support, but I would like to think that, with the benefit of hindsight, we may be able to review the purview of the parliamentary committee. However, it is an awfully sensitive matter and not one that is easily contemplated. In a democracy it is important that there is this parliamentary accountability. I do not want to minimise the difficulties—I do not want to minimise the problems—but I think that, as we gain confidence in one another, we can work our way through it to allow an even greater role for the parliamentary committee. It always disappoints me that American senators and Congressmen know more about our bases in Australia than do Australian members of parliament. I do not wish to reflect on our American parliamentary brothers, but I find that somewhat offensive. The point that I am trying to make is that this is an excellent beginning.

I will quickly return to the events in America to point out that airport security appears to have been a significant factor. In the light of the fact that we are seeking to privatise Kingsford Smith airport, I wonder how often we can put these matters into private enterprise's hands, which will always go for the lowest priced option. If security is in private enterprise's hands, what supervision and what sense of confidence do we have in the practices and policies being adopted? Things are definitely going to change in America—there is no doubt about that—but there will be knock-on effects in Australia. Indeed, Mr Deputy Speaker, I raise the issue of your confidence level in the security arrangements in this parliament. The accessibility of parliament and parliamentarians is a hallmark of Australian democracy, but no-one can afford to be complacent. No-one can afford to overlook the obvious and the need to be updated, relevant and effective.

Debate interrupted.

ADJOURNMENT

Mr SPEAKER—Order! It being 10.30 p.m., I propose the question:

That the House do now adjourn.

Aged Care

Ms HALL (Shortland) (10.30 p.m.)—The crisis in aged care is causing great anxiety in the community. Unfortunately for everyone in our community and throughout Australia, the Minister for Aged Care and the Howard government stand condemned for their inaction on this matter. There is a chronic shortage of nursing home and hostel beds in the electorate I represent, Shortland, in the Hunter and Central Coast as a whole and, for that matter, throughout many regions within Australia. This government has failed to recognise the problem and deal with it.

Within the last week in Shortland, this problem has manifested itself by causing an increase in the time that people have to wait to actually get a bed in the local hospital. There is a backlog of people waiting for nursing home beds which has caused a crisis, where people cannot be admitted to the hospital. To a large extent this has been exacerbated by a problem that I raised here in the House when I asked the Minister for Aged Care a question about St Catherine's Nursing Home in Newcastle. This nursing home is going to close. It has 67 people living in it who have to find a new place to live. The minister did not take seriously the question that I raised with her.

St Catherine's of Siena and Catholic Care of the Aged were so concerned about it that they have written to me. Their letter went to the points that the minister made. The minister said that the nursing home was closing purely because of a business decision. The reality is that the Catholic Care of the Aged decision relates primarily to the quality of care rather than business. It is a decision not to offer anything but quality aged care. The minister also related it to the fact that it was a heritage building and that Catholic Care of the Aged had decided that it was not financially rewarding. That really upset Catholic Care of the Aged. They say that they seek no financial reward for operating aged care services. Rather, they want to retain and enhance services for the aged.

The minister said that they have had a 54 per cent increase in funding. But that increase was taken up by bare essentials and did not take into account the cost of increased food, electricity, medical supplies, et cetera. The minister also said that they had sought an increase of 16 beds but did not go ahead with it. But the government changed its policy. The minister said that the building is really totally unsuitable for aged care. This is a comment that Catholic Care of the Aged really took exception to. They say that it is most suitable for a nursing home for people with high physical dependency and that no-one who has been there can challenge that. But the minister has never visited the home. Catholic Care of the Aged feel that if the minister is going to make a statement like that she should have a look at the nursing home before she does so.

The minister said, 'If you look at their profit and loss account, you will see that they trade at a profit.' Catholic Care of the Aged has been operating at a deficit for some years, and they point this out quite strongly in the letter I now have before me. The minister also mentioned issues such as changing where the kitchen is and using it to service both the low level care and the high level care. That was impractical because of occupational health and safety issues, but the minister did not recognise this. The minister said that they have made a business decision to close their home and to keep the 67 beds but not operate on that site. Catholic Care of the Aged have told me that they have not yet made a decision about the 67 nursing home beds. Finally, the minister said that they will also be able to move the residents who are in that home to other homes. That is not true; the beds just do not exist.

This demonstrates why we have a crisis. We have a minister who does not understand what is happening in our area. We have numerous phantom beds, and this is causing a backlog in our public hospitals and difficulty for people throughout the community. Until the government takes stock of the facts and addresses the issue the crisis will continue.

Transport Safety: School Bus Seatbelts

Mrs VALE (Hughes) (10.35 p.m.)—Like so many other members from both sides of this House, I rise to support the private member's motion from the member for Forde calling for urgent action to at least require all new and replacement school buses to be fitted with seatbelts. As commendable as they are, the present laws regarding the fitting of seatbelts are back to front. While most road travellers are protected by the law that requires seatbelts to be fitted and to be worn, one of the most vulnerable categories of passengers, our children in school buses, have been left unprotected by the law and unsecured in the vehicle in which they are travelling.

Children in school buses are the most vulnerable of road passengers. They are excited and active, having just got out of school or going to school, and they are usually unsupervised and rowdy. Objects can often be passed, if not tossed, around, and many school cases and other bags—some of which are open with other objects inside—all have the potential of being a missile. Many children are often standing in the aisle or moving about. They journey twice daily, five days a week in every school term. They are always potentially distracting to the driver. Considered together, all of this is a recipe for disaster. There is no other form of transport on the road today that is potentially more harmful or even more lethal to our children.

Seatbelts have been compulsory in cars since 1970, and no-one today would question

their value. They have saved countless lives and even a greater number of casualties. As the mover of the motion, the member for Forde pointed out to the House that as a society we have gone to great lengths to make sure that parents are aware of their responsibilities in ensuring their children are secured safely with a seatbelt before starting off on a journey. Even the children have been taught to remind their parents. Yet we allow thousands of schoolchildren to travel to and from school each day unrestrained in school buses. It must only be by the grace of God that there has never been a major catastrophe involving a school bus. While we are very thankful for that, it does not absolve the secular powers from meeting their responsibilities to protect schoolchildren.

Following the tragic bus crashes at Grafton and Kempsey in 1989, in which there were 55 fatalities, a number of measures to improve bus safety were introduced. Included among these, was the introduction of seatbelts. Those changes have now been fully absorbed into general bus travel. Excluded were service route buses and school buses. I believe it is past time to introduce further bus safety measures to include the long overdue school buses. Specifically, all of the states and territories should support a national standard for all new buses being built, including school and short-route buses, to include the fitting of seatbelts. I understand that, over the past 14 years, there have been 12 fatalities on school buses. The number of severe injuries requiring hospitalisation would be much higher, and the number of injuries requiring medical or dental treatment would be much higher again.

The reasons there have been three decades of delay in protecting schoolchildren travelling to school can be summed up as cost and the problem of enforcement. I would simply say that solving this problem is a lot easier than solving a lot of the difficult problems that often come before governments. The technology of mountings, seatbelts and other protective measures exist, and governments are experienced in conducting public education campaigns. We do not need to have any Grafton or Kempsey images involving schoolchildren on our television screens before we are driven by outraged public opinion to get on with the job. A strategy to install seatbelts on all new and replacement buses would be a responsible start for state governments and could establish a reasonable management practice for the future. I join with members from both sides of this House in urging support for the motion put by the member for Forde.

United States of America: Terrorist Attacks

Ms ROXON (Gellibrand) (10.40 p.m.)—The horrendous events of last week in the United States were shocking and sobering for all of us. Such massive acts of violence are so far beyond our comprehension that I understand why so many are looking for an explanation and perhaps even someone to blame. However, I want to use the opportunity tonight to urge all Australians, and in my electorate in particular, not to let our sorrow and confusion turn locally to prejudice and hate.

Sadly, the history of terrorism has not been the unique domain of any religion, and terrible acts have been committed in the name of many. Terrorism does not cover its head or use an Arab name. We need only look at Ireland, the Basque region, the war between Israel and the Palestinians, and Sri Lanka, to mention a few, to see that these acts of terror have been caused by individuals, not by religions and not by a race of people. We must remember that there are many thousands of peaceful Australian Muslims who share in our condemnation of those who could wreak this havoc. In fact, we should remember that many Muslims, like those from many other faiths, have come to Australia exactly in order to find a peaceful, tolerant society that is, perhaps, unlike the countries from which they fled.

If anything, the last week should heighten our understanding and compassion for those fleeing their countries and seeking asylum in places around the world that are free from terror, abuse, violence and prejudice. The events should help us imagine some of the unspeakable conditions many refugees around the world are seeking relief from. If we can only imagine the massive scale of the events of last week reduced to the impact on

any one individual, maybe we will find a little more room in our hearts and in our country for generosity.

I caught a taxi last week and struck up a conversation with the driver, who had come to Australia from Somalia nearly four years ago. I asked him what he thought of our country. He was very enthusiastic about Melbourne, his work as a taxi driver, our multicultural society and many other things. He told me, however, that in the last few weeks he was suffering abusive comments from passengers for the first time. Until John Howard happily whipped up fear and hatred about the Afghani boat people on the *Tampa*, this black African refugee had been able to make a happy life in Melbourne. This Prime Minister's dog whistling gave a signal to this driver's passengers that it was okay to abuse him because he looked different. People were asking him aggressively whether he came here by boat, whether he arrived illegally and was he Muslim and didn't he want to go home.

If we now let our community descend into racism, religious intolerance and fear, the terrorists will have succeeded. They will have succeeded not just in taking the lives of thousands but also by taking away the tolerant foundation of our successfully multicultural nation. We must not let this happen. This difficult time is a time for us to build tolerance, not lose it.

Prime Minister: Leadership
United States of America: Terrorist Attacks

Mr HARDGRAVE (Moreton) (10.43 p.m.)—I rise tonight to express my great sense of pride in the leadership shown by our Prime Minister over the last couple of weeks. As the saying goes, 'When the going gets tough, the tough get going.' Countless people have said to me in recent weeks how proud they are to have John Howard as the leader in this country, because the alternative has let them down so badly. I am firmly of the view, unlike the member for Gellibrand, that tolerance is in fact not good enough. Tolerance is your last resort as far as accepting what people are and where they come from. But it is important in the debate that is taking place in this country and, indeed, across the world at the moment as it thrashes around to look for someone to blame that we do not allow the media and others to comment in such a way that causes division. The Prime Minister's own leadership on this matter in recent days—in fact, just yesterday when he said that 'evil has no religion'—certainly points to why the contribution of the member for Gellibrand this evening is just so unfortunate.

I went to the Islamic temple at Holland Park, just outside my electorate of Moreton, last Friday. During the Thursday night revelry and the usual hoonish activities that tend to happen, unfortunately, in the southern suburbs of Brisbane—when, the police report to me, there are always more childish and hoonish activities—a small container of petrol was lit and thrown at the Islamic temple there. I have to say that the Islamic community in Brisbane, led by Sultan Deen and others, should be highly praised because they saw that it was only a few who were doing the wrong thing and that the great body of Australians was united, as the Islamic community in Australia is united, in condemning what occurred in America last week. Of course, they had no time or place for feeling a sense of revenge on those who might seek to try to mete out their own form of punishment in such a childish and stupid way, as they did last Thursday night.

It is sad to note that children can be very cruel. I know that in some of the high schools in my electorate—and, unfortunately, in some of the primary schools—some children are taunting other children who come from other parts of the world, because of their look, because of their religion or because of their garb. Some of those children who are receiving taunts are responding with their own taunts of celebration about what happened in America. These are silly things. These are things that children do, and we in this place should rise above it. I hope that the media are constructive, not destructive, in their reporting of such events; in fact, I hope that they choose to ignore it.

I celebrate the leadership shown by John Howard. The compassion, the empathy and the style that he has shown in recent weeks

is, I believe, a cause for celebration in Australia as we all come together, no matter where we have come from. I represent a very large refugee community, many of whom have Muslim backgrounds and are very joyful in the peace they find here in Australia.

I note the contribution of the children of St Pius X Parish School in Salisbury in my electorate. They have come up with a concept called 'Children, hands of change'. Their idea is to make a simple card and stick a 5c coin on it. They have asked me to make sure that the American Ambassador sends the cards to children in New York. I have written to 400 community groups telling them about this, in the hope that others will help me keep the community calm and also find ways of offering their own expressions of prayer, empathy, concern and sympathy for people in America. I would like to read from a couple of these cards. Liam, who is 11 years old, writes:

> We feel sadness for all Americans. We are praying every day that families will grow stronger from this tragedy. We join you in praying for world peace.

Adrian, who is 12, writes:

> Here in Australia all are praying for you in America and give our deepest sympathy for this terrorist attack. I hope the president George W. Bush makes the right decision so that we can grow up in a peace filled world. God bless all Americans!

Holly, who is 12, writes:

> In Australia we're all praying for you! We all hope that everything will calm down soon! I feel pain for you and everyone over there. I hope peace comes! Deepest sympathy, Holly

There are many other fine sentiments from young Australians, and I think members should feel an enormous sense of pride that young Australians can reach a point of reasoning, care and concern for people they do not know, in a land so far away. These young people are prepared to work to bring unity to this multicultural, multiracial, multibelief nation that we are building. We all, as Australians, need to work together, and we in this place need to reflect in our comments a real concern for bringing about calm, peace and sensible conduct and inspiring it in all Australians.

Health: Breast Cancer

Mr MURPHY (Lowe) (10.48 p.m.)—Mr Speaker, you will doubtless recall that on 23 August 1999 I spoke in this House about the wonderful work being carried out in my electorate of Lowe by Professor David Gillett at the Strathfield Breast Centre. Tonight, I again wish to speak on a matter of the utmost national importance for women who may require surgical intervention in treatment of breast cancer. What I am about to say can only be good news for the approximately 9,000 Australian women who will require such intervention each year, and it will also help reduce a tremendous cost burden to the community. This research project is an example of what our knowledge nation policy will seek to encourage and develop.

I am delighted to note that Professor Gillett is continuing to act as a beacon in furthering scholarship in this most challenging of surgical disciplines. I am specifically referring to a clinical trial entitled 'Sentinel lymph node biopsy versus axillary clearance in operable breast cancer'. This trial was initiated by the Breast Section of the College of Surgeons. Professor Gillett was a member of the steering committee that developed the trial, which will be supervised at the Strathfield Breast Centre, whose surgeons operate at two of Sydney's leading teaching hospitals, Concord Hospital and the Royal Prince Alfred Hospital, Camperdown. The Strathfield Breast Centre operates within the Strathfield Private Hospital, a Mayne Health hospital that is widely recognised as one of the leading private health institutions in Australia. Indeed, at its last accreditation, surgery at this hospital was described as being 'of the highest quality of the best international standard'.

Professor Gillett is an international lecturer and consultant. He obtained his Master of Surgery by thesis. His current research involves a new technique in the treatment of breast cancer whereby the most significant gland can be identified: the one that will first receive cancer cells from the tumour. It acts as a sentry or sentinel, and it can be readily identified and removed. If this technique is proven to be reliable in determining whether cancer cells have broken off to the axilla—

armpit—surgery to this area can be avoided in all patients in whom this gland is negative; that is, about 60 per cent of patients. I hope that many more women in this nation will in time be both thankful and grateful for the positive findings of Professor Gillett's trial.

I should explain that when breast cancer spreads, it can travel to other parts of the body through the blood and lymph systems. The lymph system is made up of tiny vessels that carry fluid from the tissues to lymph nodes and then to the blood system. The lymph nodes filter the fluid to remove bacteria and other impurities. If cancer cells get into the lymph system, they may spread to the lymph nodes, and from there they can reach the blood and other parts of the body. This is disastrous for the patient. The lymph nodes in the armpit are often the first place where breast cancer spread is detected. Surgical removal and examination by the pathologist is the most reliable way to assess these lymph nodes. Standard surgery at present involves the removal of most of the lymph nodes from the lower and upper part of the armpit—axillary clearance. However, this operation is associated with certain risks, including pain, infection and upper arm numbness and swelling. In many women, breast cancer may not have spread to the lymph nodes in the armpit; and for these women, axillary clearance is totally unnecessary.

It is hoped that removal of one or more sentinel nodes—sentinel node biopsy—may provide as much information as axillary clearance. This might avoid axillary clearance for up to 70 per cent of patients. This would, of course, depend on accurately finding and removing the sentinel nodes, a procedure which involves the concomitant use of a blue dye and various radioactive isotope techniques. By minimising the amount of surgery to the armpit, the side effects of current axillary surgery will be significantly reduced.

This method of surgery will not be a total panacea for all breast cancer patients. It will, however, go a long way to alleviate much of the pain and stress in the treatment of patients who may require surgery for breast cancer. Professor Gillett's philosophy encompasses an area where state of the art diagnosis is coordinated by a multidisciplinary team with world best standards as their only barometer. May we all look forward to a successful outcome.

In concluding, I again congratulate Professor Gillett and all the members of his team. I am very proud to have one of the world's leading breast care centres in my electorate of Lowe. Well done, Professor Gillett. Long may you and your team lead the way in breast cancer research.

Ansett Australia: Employee Entitlements

Ms JULIE BISHOP (Curtin) (10.53 p.m.)—Over the past few days, I, like other members of parliament, have received letters, emails and phone calls from constituents who have expressed their anger, their frustration and their distress over the demise of Ansett. As one constituent wrote, 'As if we have not had enough bad news this week.' The comments are varied. There are letters to the extent of saying, 'I am sure there are many reasons why this has happened, among which we must count the deregulation of the airline industry in the late eighties and Ansett being torn apart by News Ltd and TNT and its sale to New Zealand. Who in New Zealand cares about the Australian travelling public?' Others are concerned that Ansett was owned by Air New Zealand, which they say is a foreign company that has looked after itself and has left Ansett, its wholly owned subsidiary, without funds. So it went on and on.

Like other members in this House, I have been most concerned about the Ansett employees. The concern of members of the government has been to such an extent that the Prime Minister has made announcements about the guarantees that the coalition government will give to the employees of Ansett. So perhaps it should come as no surprise to anyone that, when I received a number of flyers in my office here in Parliament House—I say I received a number of fliers: two by facsimile and one hand delivered to my office—giving notice of a rally in support of Ansett workers, I took it as an invitation to support the Ansett workers at a rally on Tuesday, 18 September at 12.30 in front

of Parliament House, Canberra. I was keen to attend to show my support.

I had expected a rally of Ansett workers, but found it to be an entirely stage-managed and contrived union stunt. I expected that, having been invited, government representatives would be asked to speak. But, of course, it was just a farce. As one person who was interviewed on the ABC said, 'We have come here to hear what the government have to say and how they're going to help us, but the unions will not let them speak.' They were of course drowned out by the voices of the union members present. When a number of my colleagues did seek to speak, a scuffle broke out. It was very unseemly. The member for Cook was hit for apparently wanting to put forward a point of view. It was with considerable disappointment and disbelief that I read an AAP report on this incident at the front of Parliament House. The report says:

> Mr Baird, and others in his group including Senator John Tierney, Julie Bishop and Dana Vale, heckled Ms Burrow and other speakers.

Mr Baird, Senator Tierney, Danna Vale and I are not in the business of heckling Ms Burrow—nor did we heckle her. The article goes on:

> Mr Beazley defended the decision to ban government members from speaking to the rally and accused them of seeking to provoke the protesters.
>
> "When you see a demonstration like that, they want an expression of their own views and to get their own views across," he said.
>
> "What Abbott was coming down here to do, like Baird, was to provoke them, so that (the media) would follow them around with (their) cameras, with that provocation.

Nothing could be further from the truth. I stood there, I listened, I watched, I observed. Mr Beazley is also quoted as saying:

> "That was quite clearly what was going on there, with Abbott supporters here and Abbott."
>
> The government had sought to provoke trouble to gain the news headlines, he said.
>
> "If you organise a rally, are you not entitled to be in control of the speakers who will speak to it?" he said.
>
> Ms Burrow later sought, and gained, approval by voices from the crowd to support her decision to not allow Mr Abbott—
>
> nor any other government speaker—
>
> to speak to the rally.

As I said, there were others in the crowd who were asking that the government speak, and they had come to hear what the government had to say.

For the record, as the Prime Minister did say, the coalition guarantees the entitlements for the Ansett workers. The coalition is standing behind the Ansett workers and has guaranteed statutory entitlements. As the Prime Minister said in question time today, they will receive 100 per cent of unpaid annual leave, 100 per cent of unpaid long service leave, 100 per cent of unpaid wages and 100 per cent of pay in lieu of notice, plus up to eight weeks of redundancy entitlements, as per community standards. That is the sort of information that could have been given to the rally—that I had presumed was a rally of Ansett workers—today at the front of Parliament House.

The coalition's responsible decision will cost up to $400 million. There will be an airline ticket levy introduced to cover the cost on an interim basis, and the Australian government has reserved its legal right to seek compensation from the responsible parties. Ansett workers have been badly let down by their management, Air New Zealand. Ansett have a moral and legal duty to these workers and should pay their entitlements in full. I would have hoped for a bipartisan approach to the plight of the Ansett workers. *(Time expired)*

Question resolved in the affirmative.

House adjourned at 10.58 p.m.

NOTICES

The following notice was given:

Mr Anthony to present a bill for an act relating to the application of the *Criminal Code* to certain offences, and for related purposes.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance

(Question No. 2823)

Ms Hoare asked the Minister for Foreign Affairs, upon notice, on 6 August 2001:

(1) Will there be an official Australian delegation attending the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance to be held in Durban, South Africa from 31 August to 7 September 2001?

(2) If so, will he be leading the delegation: if not, why not and who will lead the delegation?

(3) Who will be the members of the official delegation?

(4) Will the Commonwealth pay the fares, accommodation and expenses for the members of the official delegation; if not, why not and how will the delegates fund their attendance?

Mr Downer—The answer to the honourable member's question is as follows:

(1) Yes.

(2) No, the delegation was led by Senator Kay Patterson, Parliamentary Secretary for Foreign Affairs.

(3) The members of the delegation were:

Head of Delegation

Senator Kay Patterson

Alternate Head of Delegation

Mr John Dauth, Ambassador to United Nations, New York

Delegates

Mr Peter Hughes, First Assistant Secretary, Department of Immigration and Multicultural Affairs

Mr John van Beurden, Assistant Secretary, Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs

Ms Sandra Power, Assistant Secretary, Attorney-General's Department

Ms Thu Nguyen-Hoan, Assistant Secretary, Department of Immigration and Multicultural Affairs

Mr Eric van der Wal, Department of Foreign Affairs and Trade

Mr Peter Heyward, Australian Embassy, Geneva

Mr Russell Patterson, Adviser, Office of the Minister for Immigration and Multicultural Affairs

Mr James Choi, Department of Foreign Affairs and Trade

Mr Peter Bernard, Department of Immigration and Multicultural Affairs

Advisers

Senator Aden Ridgeway

Senator Con Sciacca

Mr William Jonas, Human Rights and Equal Opportunity Commission

Mr Geoff Clark, Aboriginal and Torres Strait Islander Commission

Mr Jeremy Jones, Executive Council of Australian Jewry

Mr Nick Xynias, Federation of Ethnic Community Councils of Australia

Mr Neville Roach, Council of Multicultural Affairs

Ms Trang Thomas, Council of Multicultural Affairs

Mr Benjamin Chow, Council of Multicultural Affairs

Mr Joseph Elu, Aboriginal and Torres Strait Islander Commission

Mr Fabian Kantilla, Tiwi Islander selected by the Department of the Prime Minister and Cabinet as youth delegate.

(4) Commonwealth Departments paid the fares, accommodation and expenses for Departmental representatives on the delegation. In addition, the Department of Foreign Affairs and Trade funded the attendance of the youth delegate. Other delegates were invited to join the official delegation on a self-funding basis.

Parthenon Marbles: Return to Greece

(Question No. 2827)

Mr Latham asked the Minister for Foreign Affairs, upon notice, on 6 August 2001:

(1) In answer to question No. 986 (*Hansard*, 9 May 1994, page 519), did his predecessor state that his Department had not made representations on the return of the Parthenon Marbles to either the Greek or British Governments, nor in Commonwealth or UN forums?

(2) In his answer to question No. 422 (*Hansard*, 11 May 1999, page 5100), did he state that the Australian Government has not made any representations on this issue?

(3) Is he able to say whether a petition with 30,000 signatures was handed to the Prime Minister on 25 June 2001 asking him and the Federal Government to urge and call on the British Government to return the Parthenon Marbles to Greece on the completion of the new Acropolis Museum?

(4) Has there been a response to the petition; if so, when and what was the response?

(5) Will the return of the Parthenon marbles be on the agenda of the 2001 (a) CHOGM, (b) General Conference of Unesco and (c) World Heritage Committee?

Mr Downer—The answer to the honourable member's question is as follows:

(1) This is a matter of record.

(2) This is a matter of record.

(3) The Australian Hellenic Association handed a petition to the Prime Minister on 25 June 2001 asking the Australian Government to support the campaign for the return of the Parthenon Marbles to Greece on the completion of the new Acropolis Museum.

(4) The Prime Minister advised the Australian Hellenic Association at the meeting of 25 June 2001 that he would raise the strong Australian community interest concerning the return to Athens of the Parthenon Marbles with Prime Minister Blair in the margins of the CHOGM to be held in Brisbane in October 2001.

(5) (a) No. (b) No. (c) No.

Senators and Members: Entitlements

(Question No. 2830)

Mr Andren asked the Minister representing the Special Minister of State, upon notice, on 6 August 2001:

What assurances can he give that (a) Senators and Members entitlements to staff, facilities and allowances as provided for by determinations of the Remuneration Tribunal, the Parliamentary Entitlements Act and the Members of Parliament Staff Act (MOPS Act) will not be used for party political business in the next federal election and (b) the campaign headquarters of any political party, particularly those of the Liberal and Labor parties in Melbourne, will not contain any equipment funded by his Department, nor be staffed by any officers employed under the MOPS Act, claiming travel allowance, overtime and airfares through his Department.

Mr Fahey—The Special Minister of State has provided the following answer to the honourable member's question:

Facilities for use by Senators or Members are provided under the Parliamentary Entitlements Act, the Members of Parliament (Staff) Act and relevant Remuneration Tribunal Determinations. Where an Act does not specify the purpose for which the facilities may be used, it has traditionally been recognised that benefits under the Act are provided to assist Senators and Members to carry out their parliamentary and electorate business.

In response to a request from the current Government to clarify key terms such as 'parliamentary' and 'electorate', the Remuneration Tribunal stated in its 1997 Review that it would be inappropriate (indeed improper) for it to define such terms to exclusion. It continued that the 'question essentially revolves around the due reticence which all in the executive arm of government must have that they do not im-

pede the elected arm in the exercise of its function' and that it is ultimately incumbent on each Senator and Member to be careful that their usage of an entitlement is for parliamentary or electorate business.

The request for an assurance that equipment and personnel will not be used for party-political purposes is like asking the Special Minister of State to give other MP's an assurance that the Member for Calare, Mr Andren, will not use his existing facilities for his own personal political purposes. It is not, nor should it be, for the Special Minister of State to provide such assurances. Otherwise the Special Minister of State would need to be fully advised of everything that goes on in the office of the Member for Calare and the offices of his colleagues.

Further details on the guidelines surrounding the use of the various entitlements are in the Handbook provided to all Senators and Members.

Sydney (Kingsford Smith) Airport and Bankstown Airport: Air Quality

(Question No. 2845)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 7 August 2001

Will he introduce air quality capacity constraints at Sydney Airport and Bankstown Airport such as those adopted by Zurich and Stockholm Arlanda airports; if not, why not; if so, when.

Mr Anderson—The answer to the honourable member's question is as follows:

The Sydney Airports Corporation Limited advises that it produces annual reports on the impact of Airport emissions on the Sydney airshed. The report compares the pollutants measured by the NSW Environment Protection Authority throughout the eastern suburbs of Sydney and has consistently shown that there are no significant differences between the results. Therefore the air pollution around the Airport is no better or worse than the air pollution found in the eastern suburbs of Sydney generally. The report also assesses trends in air pollution levels around the Airport in the years since 1994 and has found that the results across these years are generally similar, that is, there has not been any evidence of any significant improvement or deterioration.

Human Rights: China

(Question No. 2867)

Mr Andren asked the Minister for Foreign Affairs, upon notice, on 20 August 2001:

(1) Has the awarding of the 2008 Olympic Games been hailed in some quarters as providing an opportunity for improved human rights in China; if so what is the Government's view of this assessment.

(2) Will the Government be taking any steps to make use of the opportunity presented by China's winning of the right to host the 2008 Olympics to improve outcomes in the Bilateral Dialogue on Human Rights with China; if so, (a) what progress does the Government expect to achieve through the dialogue, particularly in relation to Tibet, for each year to 2008; and (b) how will this achievement be measured for each of these years; if not, why not.

(3) Will the Government commit to public reporting of the results of its Dialogue with China on Human Rights, particularly in relation to Tibet, immediately after each Dialogue meeting, for each year to 2008; if so, what form will this reporting take; if not, why not.

Mr Downer—The answer to the honourable member's question is as follows:

(1) The Government is aware of suggestions in some quarters that the 2008 Olympics might provide an opportunity for the improvement in human rights in China. The Government understands that the IOC's choice of Beijing to host the 2008 Olympics represents a recognition of the fact that China is opening to the world, and the world to China. The Government hopes that this will cause China to look more closely at its domestic record, including in the area of human rights, and how it presents itself to the world.

(2) The Government will discuss the human rights situation in China closely through the annual bilateral Human Rights Dialogue process. It will continue to encourage China to improve its performance in this regard, including in the light of Beijing's successful bid for the 2008 Olympics. The Government believes that an overall assessment through this mechanism offers a more effective approach than alternatives such as benchmarking. Dialogue represents the most effective means available for encouraging improvements in human rights in China.

(3) Like most other official meetings involving sensitive issues with other countries, the Human Rights Dialogue is not open to the public. If we sought to make it so, there is a strong likelihood that the Dialogue would not take place at all. The Department of Foreign Affairs arranges twice-yearly consultations with human rights NGOs to enable input to and feedback from the Dialogue. In addition, NGOs with a specific interest in human rights in China were briefed in some detail on the content of the most recent round of the Dialogue in October 2000. Further such consultations will take place in connection with the next round of the Dialogue to be held in October/November 2001.

Australian Defence Force: Bushmaster Armoured Personnel Carriers

(Question No. 2875)

Mr Gibbons asked the Minister for Defence, upon notice, on 21 August 2001:

(1) On what dates did the Government (a) decide to purchase Bushmaster armoured personnel carriers from Australian Defence Industries (ADI) and (b) contract with ADI to supply these vehicles.

(2) Did the contract the Government signed with ADI set out a timeline for the supply of the vehicles; if so, on what dates and in what numbers were the vehicles to be supplied to the Army.

(3) What funds were allocated for the purchase of the Bushmaster vehicles in each Budget since signing of the agreement to purchase the vehicles and what funds are required to be allocated in what subsequent years to complete the purchase.

(4) Can he explain why he stated in a letter in July to the Australian Manufacturing Workers' Union that he could not indicate an expected starting date for production of the Bushmaster vehicles, whereas in his reply to me in question No. 2711 (Hansard, 6 August 2001, page 29220) he stated that the production was expected to commence in late 2003.

(5) What are the technical shortfalls that he states in his reply to me that have delayed commencement of production.

(6) What sum did the Government originally agree to pay ADI for the number of vehicles it originally undertook to purchase, and what is expected to be the final cost following changes to the vehicle and delays to production.

(7) If the Government anticipates significant cost increases in fulfilment of the original contract, is the Government planning to reduce the number of vehicles it purchases.

Mr Reith—The answer to the honourable member's question is as follows:

(1) (a) The Government decided to purchase Bushmaster infantry mobility vehicles from Australian Defence Industries (ADI) on 24 March 1999.

(b) The Commonwealth exercised an option for production, in an existing contract with ADI, on 1 June 1999.

(2) The contracted schedule for the supply of the vehicles is at Table 1.

Table 1: Bushranger ADI Contract Schedule

Milestone	Contracted Date
Troop Variant (188)	
Initial Production Vehicle [excludes prototypes]	July 2000
Final Production Vehicle	May 2003
Command Variant (113)	
Initial Production Vehicle [excludes prototypes]	January 2001
Final Production Vehicle	May 2002
Assault Pioneer Variant (15)	
Initial Production Vehicle [excludes prototypes]	April 2001
Final Production Vehicle	June 2002
Mortar Variant (15)	
Initial Production Vehicle [excludes prototypes]	June 2001
Final Production Vehicle	July 2002
Direct Fire Variant (22)	
Initial Production Vehicle [excludes prototypes]	July 2001
Final Production Vehicle	August 2002
Ambulance Variant (17)	

Milestone	Contracted Date
Initial Production Vehicle [excludes prototypes]	September 2001
Final Production Vehicle	September 2002

(3) The contract value, for each financial year since the Commonwealth exercised the production option, is at Table 2. The current financial provision for the procurement of the Bushmaster vehicles is summarised at Table 3. These amounts may change as a result of the current negotiations with ADI. Other funds are allocated within the Project budget for the procurement of other goods and services.

Table 2: Bushranger Budget Funding for ADI Contract

Total Project Cost	Amount	Price Basis
Budget Estimates 1999/2000	$197.414m	December 1998
Budget Estimates 2000/2001	$197.714m	December 1999
Budget Estimates 2001/2002	$203.116m	December 2000

Table 3: Bushranger ADI Contract Provisioning by Financial Year ($m December 2001 Prices)

Previous Years	2001/02	2002/03	2003/04	2004/05	2005/06	After	Total
46.050	2.473	41.251	42.491	42.348	23.449	10.006	$208.068m

(4) The 2003 date remains the best estimate. The letter to the Australian Manufacturing Workers' Union (AMWU) took a cautious approach, noting that the date is dependent upon negotiations that are now in progress. Both responses make clear that negotiations later this year would lead to a revised production schedule. Furthermore, the AMWU letter stated an understanding that the date was 2003 and requested the Minister to direct the department to confirm the date. In essence the response to AMWU was to a request that Defence confirm a date – we are not able to do so (that is, give any further information) until negotiations are complete. This is clear and consistent in both responses. A revised production schedule is currently expected by December.

(5) The technical shortfalls became evident in the prototype Troop Variant vehicle that was evaluated in the period April to December 2000. It did not comply with the Contract Specification in a number of areas, particularly in relation to noise and reliability. Army is prepared to relax the noise requirements but reliability must be improved. The company has obtained independent engineering advice confirming that the reliability problems should be solved through a reliability growth program.

(6) The original contract price was $170,042,185 (base date October 1995). The final cost will not be known until the current negotiations are complete.

(7) Total costs associated with the original contract are expected to rise but the amount cannot be quantified until negotiations with ADI have been completed. Options to deal with any potential cost increases may include, but are not limited to, changes to capability, utilisation of contingency funds or a reduction in Project scope (including vehicle numbers) beyond that already under contract.

Australian Defence Force: Bushmaster Armoured Personnel Carriers
(Question No. 2876)

Mr Gibbons asked the Minister for Defence, upon notice, on 21 August 2001:

(1) What steps did the Government take in the process of privatising Australian Defence Industries (ADI) to ensure that Bendigo would be the location for the series production of the Bushmaster armoured personnel carrier by ADI's new owners.

(2) Is it the Government's intention that the Bushmaster will be produced at ADI Bendigo.

Mr Reith—The answer to the honourable member's question is as follows:

(1) The contract for the Bushmaster vehicles was signed with ADI Limited on 1 June 1999 while bids for the purchase of ADI were received on 30 June 1999. A principal objective for the Government in the privatisation of ADI was to achieve a sale outcome that contributed to a competitive, sustainable and efficient Australian defence industry, as well as to regional industry development. The Transfield Thomson-CSF (now Thales) joint venture, the successful purchaser of ADI, committed to retain and, where possible to develop, ADI's existing sites in regional Australia, including ADI's Engineering and Vehicle operations in Bendigo.

(2) The Project Bushranger contract does not stipulate where the Bushmaster vehicle is to be manufactured. ADI has indicated to the Department of Defence that the vehicle hull and general assembly is to occur at the company's Bendigo site.

Education: Funding for Non-Government Schools

(Question No. 2888)

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 22 August 2001:

(1) Is the Minister aware of high fee-charging non-government schools providing entry preference to foreign students; if so, what are the details.

(2) As a condition of Federal funding for non-government schools, does the Government require equal entry access for Australian students; if so, what are the details.

Dr Kemp—The answer to the honourable member's question is as follows:

(1) The Commonwealth Government does not set the enrolment policies for non-government schools in Australia. As independent bodies, the schools themselves are responsible for determining their policies on matters such as the enrolment of fee paying overseas students. Schools which accept fee paying overseas students do so under the conditions of the Education Services for Overseas Students Act 2000.

(2) Eligible non-government schools, which must be registered by State or Territory governments, receive Commonwealth support on a per capita basis under the General Recurrent Grant Programme. Commonwealth funding is not available to support fee paying overseas students. Under agreements that schools enter into with the Commonwealth before receiving grants, they are obliged to comply with the laws of the State or Territory in which they are located.

Asia-Pacific Region: Death Penalty

(Question No. 2891)

Mr Melham asked the Minister for Foreign Affairs, upon notice, on 22 August 2001:

(1) Is he able to update his answer to question No. 1491 (*Hansard*, 31 May 2000, page 16794) as to which countries and territories in and around the Pacific and Indian Oceans the death penalty can be imposed?

(2) Is he also able to say in which states and territories referred to in part (1) the death penalty is still carried out?

Mr Downer—The answer to the honourable member's question is as follows:

(1) More than half the countries in the world have now abolished the death penalty either in law or practice. There are still 86 countries in which the death penalty can still be imposed. Those countries in and around the Pacific and Indian Oceans in which the death penalty can be imposed are shown in the following table:

Afghanistan	Lesotho	Somalia
Bahrain	Malawi	South Korea
Bangladesh	Malaysia	Swaziland
Chile	Myanmar	Taiwan
China	North Korea	Tanzania
Comoros	Oman	Thailand
Eritrea	Pakistan	Uganda
India	Philippines	UAE
Indonesia	Qatar	United States
Iran	Russia	Vietnam

Iraq	Rwanda	Yemen
Japan	Saudi Arabia	Zambia
Laos	Singapore	Zimbabwe

(2) Those countries in and around the Pacific and Indian Oceans in which the death penalty was imposed and or carried out during 2000 are shown in the following table:

Afghanistan	Myanmar	Taiwan
Bahrain	North Korea	Thailand
Bangladesh	Oman	Uganda
China	Pakistan	UAE
India	Philippines	United States
Indonesia	Qatar	Vietnam
Iran	Rwanda	Yemen
Iraq	Saudi Arabia	Zambia
Japan	Singapore	Zimbabwe
Malawi	Somalia	
Malaysia	Swaziland	

Source: Amnesty International Website

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