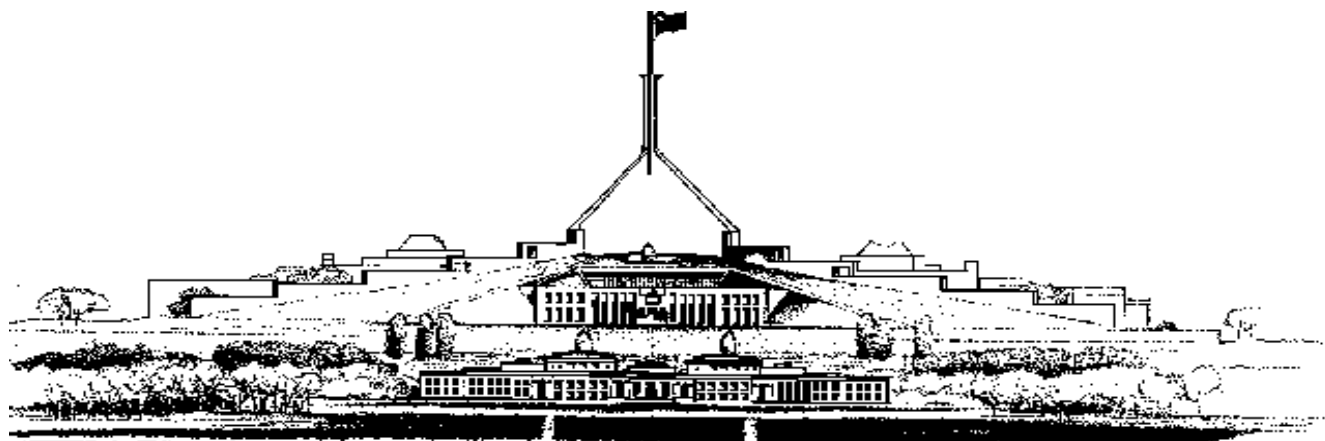




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF
REPRESENTATIVES**

Official Hansard

THURSDAY, 28 JUNE 2001

THIRTY-NINTH PARLIAMENT
FIRST SESSION—NINTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Thursday, 28 June 2001

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

**VETERANS' AFFAIRS LEGISLATION
AMENDMENT (2001 BUDGET
MEASURES) BILL 2001**

First Reading

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

Second Reading

Mr BRUCE SCOTT (Maranoa—Minister for Veterans' Affairs and Minister Assisting the Minister for Defence) (9.31 a.m.)—I move:

That the bill be now read a second time.

Since taking office, this government has given a high priority to providing appropriate recognition for the service and sacrifice of veterans and addressing anomalies that have deprived some members of the veteran community of their rightful entitlements. With its latest budget, the government has again demonstrated its commitment to the veteran community, with initiatives to benefit former prisoners of war held by Japan; war widows who lost their pensions upon remarriage and Commonwealth and allied veterans who served alongside Australians during the two world wars. This bill will give effect to key initiatives in the Veterans' Affairs budget. It will amend the Veterans' Entitlements Act 1986 to restore entitlements to war widows who remarried before 1984 and had their pensions cancelled.

The war widow's pension was established to compensate Australian women whose husbands died on active duty or from war-caused injuries or illness following their return from service. However, if they chose to remarry, they were no longer entitled to that compensation. The introduction of the Veterans' Entitlements Act in 1986 recognised the unfairness of this situation and ensured that war widows who remarried in the future would keep their entitlements. However, the decision to limit the change to widows who remarried after May 1984 has meant that for almost two decades there have been two

classes of war widows. These amendments will ensure that widows whose partners have died for their country will be treated equally under the repatriation system.

Other amendments will recognise the service of allied veterans who served during World War I and World War II, by granting them eligibility for the Repatriation Pharmaceutical Benefits Scheme. Eligibility will be extended to Commonwealth and allied veterans who are over the age of 70, have qualifying service from either of the world wars and who have been resident in Australia for 10 years or more. Like their Australian comrades, allied veterans of these conflicts have an increasing need for medication as they grow older. This initiative will give them access at concessional rates to the full range of medicines and pharmaceutical items available through the Repatriation Pharmaceutical Benefits Scheme, including a number of items that are not available to the wider community under the Pharmaceutical Benefits Scheme. These newly eligible allied veterans will also be eligible for a pharmaceutical allowance, if they do not already receive it as a service or age pensioner.

Finally, this bill will amend the treatment of superannuation assets for those over 55 years of age but under the pension age. As announced in the budget, the government will not include in the income test for social security pensions any money withdrawn from superannuation assets by this age group. This bill makes similar changes to the income testing of payments under the Veterans' Entitlements Act to ensure that affected members of the veteran community receive fair and consistent treatment. This bill will further advance the interests of the Australian veteran community and provide a stronger and fairer repatriation system.

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

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

**VETERANS' AFFAIRS LEGISLATION
AMENDMENT (FURTHER BUDGET
2000 AND OTHER MEASURES) BILL
2001**

First Reading

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

Second Reading

Mr BRUCE SCOTT (Maranoa—Minister for Veterans' Affairs and Minister Assisting the Minister for Defence) (9.36 a.m.)—I move:

That the bill be now read a second time.

This bill, the **Veterans' Affairs Legislation Amendment (Further Budget 2000 and Other Measures) Bill 2001**, is a package of amendments to implement several measures designed to further improve the delivery of income support benefits through the repatriation system. A number of these measures reflect changes in the social security system, to ensure that both systems operate consistently and fairly.

These amendments to the Veterans' Entitlements Act 1986 will provide for more generous treatment for income support recipients whose partners receive periodic compensation payments, such as those paid by insurance companies.

Currently, if a person receives a compensation-affected payment, then the couple's combined pensions are reduced by one dollar for every dollar of the periodic compensation. Under the new measure, the dollar-for-dollar reduction will apply only to the pension of the person who receives the compensation. If the amount of compensation exceeds the amount of that person's pension, then the excess will be treated as the ordinary income of their partner. With the income free area and taper that applies to ordinary income, this measure will result in an increase in the amount of income support payments to couples who have low levels of income from compensation payments.

Other amendments again mirror changes in the social security system to simplify provisions relating to the recovery of compensation. These amendments will provide for

direct recovery of compensation debts from compensation payers and insurers in circumstances where there has been an overpayment of pension because of the treatment of periodic compensation as ordinary income.

This bill also amends the Veterans' Entitlements Act 1986 in relation to the treatment of financial assets which are regarded as unrealisable for the purposes of hardship provisions under the assets test. In hardship cases, such unrealisable assets will also not be regarded as a financial asset when applying deeming provisions under the income test.

This means that in future the actual return on an unrealisable asset will be counted as ordinary income, rather than the deemed rate of return.

The treatment of income streams will be amended to ensure that the conditions applied to income streams under the means test will be clear and unambiguous. These amendments will also correct a number of anomalies and unintended consequences.

Finally, this bill will change the payment of income support instalments, which currently are rounded to the nearest multiple of 10 cents. In future, instalments of income support will be paid to the nearest cent, bringing Veterans' Affairs arrangements into line with the calculation of pension instalments paid through the social security system.

This bill demonstrates the government's ongoing commitment to improving the repatriation system to benefit those in the veteran community who most need our help. I present an explanatory memorandum.

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

**GENERAL INSURANCE REFORM
BILL 2001**

First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (9.40 a.m.)—I move:

That the bill be now read a second time.
I rise today to introduce a bill that will modernise and strengthen the prudential supervisory regime for general insurers operating in Australia.

This bill, the **General Insurance Reform Bill 2001**, is the most significant reform to the Insurance Act 1973 since its inception nearly 30 years ago, and has been the subject of extensive discussion with industry over the last two years.

The amendments contained in this bill will place Australia at the forefront of international best practice, and bring the general insurance regime into line with changes that have already occurred in authorised deposit-taking institutions and life insurers in Australia.

Unlike the current blunt and prescriptive arrangements, the new regime will be responsive to the individual risk profile of each insurance company. General insurers underwriting higher risk insurance will be required to hold a commensurate level of statutory capital.

The pivotal reform to the current regime is granting APRA the power to make, vary and revoke prudential standards. These standards will be subordinate to the act and disallowable instruments. They will be subject to parliamentary scrutiny.

They will provide flexibility to the new regime, allowing it to adapt over time to developments in the market and improvements in supervisory techniques.

It is proposed that there will be four prudential standards on liability valuation, capital adequacy, reinsurance arrangements and risk management.

These are in the final stages of preparation by APRA after consultation with stakeholders and careful calibration. They replace the outdated prudential supervisory requirements currently contained within the act.

- These new prudential standards will see minimum statutory capital requirements increase for most insurers, particularly those underwriting in riskier insurance

markets, such as reinsurance. Further, the minimum level of capital for general insurers will be raised from \$2 million to \$5 million.

- Risk weighted capital adequacy, similar to that used in banking regulation will be introduced, allowing different insurance product lines to require different amounts of capital to be held by the insurer. For example, re-insurance capital requirements will be significantly higher than significantly less risky home and contents insurance.
- Currently, life insurance minimum capital is \$10 million, banks require \$50 million and building societies require \$10 million. Approved trustees for superannuation require capital of \$5 million.
- However, given the industry as a whole holds capital some 2.6 times above the current statutory requirements, most insurers will not need to increase their capital buffers.

Other key reforms contained in the bill include:

- strengthened fit and proper person tests for the board and senior management of general insurers;
- a requirement to appoint, except in limited cases, an APRA approved actuary to advise the board of a general insurer on the valuation of the company's liabilities; and
- obligations on auditors and actuaries to report to APRA on both a routine and non-routine basis. The purpose of these obligations is to provide an independent check on the internal control processes of a general insurer.

The government is expecting to have the new regime commence on 1 July 2002. The bill provides a further two-year transition period before full compliance with the capital adequacy standard is required.

Regulatory change of the magnitude in this bill cannot be developed overnight or taken lightly. The bill represents the culmi-

nation of extensive industry consultation and development by APRA.

It is an important bill that will enhance Australia's position at the forefront of financial sector regulation.

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

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

TAXATION LAWS AMENDMENT BILL (No. 4) 2001

First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (9.46 a.m.)—I move:

That the bill be now read a second time.

This bill makes amendments to the income tax law and other laws to give effect to the following measures.

The imputation rules in the Income Tax Assessment Act 1936 will be amended to take account of the reduction of the company tax rate from 34 per cent to 30 per cent. The measures preserve the value of franking credits accumulated prior to the rate change whilst minimising compliance costs for corporate taxpayers. These amendments will apply from 1 July 2001.

As a consequence of the deferral in the business tax review life insurance policyholder proposals until 1 July 2002, the commencement date of the proposals to tax friendly societies on investment income received that is attributable to funeral policies, scholarship plans and income bonds sold after 30 November 1999 will be deferred. Friendly societies will remain exempt from tax on that investment income until 30 June 2002. In addition, the change in methodology for working out the capital component of ordinary life insurance investment policies will also be deferred until 1 July 2002.

This bill further amends the Income Tax Assessment Act 1936, so that neither the intercorporate dividend rebate nor a related

deduction are allowed in respect of any unfranked dividends paid to or by a dual resident company.

The Income Tax Assessment Act 1997 will be amended to deny refunds of excess imputation credits to non-complying superannuation funds and non-complying approved deposit funds. It has become apparent that, if their access to excess imputation credits is not prevented, these entities could be used as a vehicle to access tax benefits inappropriately through artificial schemes to produce surplus imputation credits in respect of which they would be entitled to refunds.

Lastly, technical amendments are required to the Income Tax Assessment Act 1936 to enable the franking rebate provisions to clarify that registered charities and gift deductible organisations which are trusts are eligible for refunds of imputation credits in respect of distributions received indirectly through another trust.

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

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

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

TREASURY LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL (No. 3) 2001

First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (9.50 a.m.)—I move:

That the bill be now read a second time.

The purpose of this bill is to make consequential amendments to certain offence provisions in the legislation administered by the Treasurer to reflect the application of the Criminal Code Act 1995 to existing offence provisions from 15 December 2001.

The *Treasury Legislation Amendment (Application of Criminal Code) Bill (No. 3) 2001* is the last of the portfolio bills on this

subject and proposes consequential amendments to the Corporations Act 2001, the Financial Sector Shareholdings Act 1998, the Insurance Contracts Act 1984 and the Commonwealth Places (Mirror Taxes) Act 1998.

The Treasury Legislation (Application of Criminal Code) Act (No. 1) 2001 has passed the parliament and made amendments to the Financial Sector Shareholdings Act 1998, Foreign Acquisitions and Takeovers Act 1975, Insurance Act 1973, Life Insurance Act 1995, Prices Surveillance Act 1983, Productivity Commission Act 1998, Retirement Savings Accounts Act 1997, Superannuation Industry (Supervision) Act 1993 and aspects of the Trade Practices Act 1974, which did not require consultation with the states. This bill also contains some minor consequential amendments of the Treasury Legislation (Application of Criminal Code) Act (No. 1) 2001.

Treasury Legislation Amendment (Application of Criminal Code) Bill (No. 2) 2001 has previously been introduced and would make amendments to the range of taxation legislation, the Superannuation (Resolution of Complaints) Act 1993 and aspects of the Trade Practices Act 1974 that required consultation with the states.

This bill provides for amendments that clarify the physical elements of an offence and corresponding fault elements, where these fault elements vary from those specified by the code, and specify whether an offence is one of strict or absolute liability. In the absence of such an amendment, offences previously interpreted as being one of strict or absolute liability would be interpreted as not being one of strict or absolute liability. In addition, any defences to an offence are being restated separately from the words of the offence. Use is being made of this opportunity to convert penalties expressed as dollar amounts to penalty units.

The bill does not change the criminal law. Rather, it ensures that the current law is maintained following application of the Criminal Code Act to Commonwealth legislation.

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

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

CUSTOMS TARIFF AMENDMENT BILL (No. 4) 2001

First Reading

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

Second Reading

Mr SLIPPER (*Fisher—Parliamentary Secretary to the Minister for Finance and Administration*) (9.52 a.m.)—I move:

That the bill be now read a second time.

Customs Tariff Amendment Bill (No. 4) 2001 contains amendments to the Customs Tariff Act 1995 (the customs tariff).

Most of these amendments have been contained in Customs Tariff Proposals and now require incorporation in the Customs Tariff Act. I will briefly outline the major amendments in the bill.

Schedule 1 of the bill contains administrative amendments to reflect the cessation of the 'administrative arrangements to the year 2000 for the automotive industry', on 31 December 2000 and the commencement of the Automotive Competitiveness and Investment Scheme, ACIS, on 1 January 2001.

Schedule 3 of the bill creates a new item 68 in schedule 4 to the customs tariff, relating to the SPARTECA (TCF Provisions) Scheme. The new item will allow for certain textiles, clothing and footwear to be imported duty free from forum island countries covered by the South Pacific Regional Trade and Economic Co-operation Agreement, SPARTECA.

Schedule 4 of the bill amends item 17 of schedule 4 to the customs tariff. Item 17 provides concessional re-entry for imported goods that have been exported from Australia and returned in an unaltered condition. The present amendment to the item introduces a new re-import concession for goods, which, when first imported, utilised duty credit owned under the Automotive Competitiveness and Investment Scheme, ACIS.

Schedule 5 of the bill creates a new item 69 in schedule 4 to the customs tariff to provide for the duty-free entry of goods imported into Australia for use in space projects.

The concession will take effect from 1 August 2001. It will only be available to goods imported for use in space projects authorised by the Minister for Industry, Science and Resources.

It will facilitate the transfer to Australia of sophisticated space related technology, and technical expertise.

It is expected to be of significant benefit to companies proposing to establish and develop in Australia operations in the high-technology, high-value added space sector.

Schedule 6 of this bill commences on 1 July 2002. This schedule creates a new item 70 in schedule 4 to the customs tariff which combines elements of present items 43 and 52. These items permit the entry into Australia, as a single unit, of goods that, because of their nature or size, have been forwarded to Australia in different shipments. Items 43 and 52 have been amended to introduce a closure date of 30 June 2002. The new item 70 will clarify and streamline the operation of these concessions.

Schedule 6 of this bill also creates a new item 71 in schedule 4 to the customs tariff which relates to the new project by-law scheme announced in the 2001-2002 budget.

The schedule also revokes three current items in schedule 4 to the customs tariff.

The new item 71 will allow goods or components not made in Australia, to be imported duty free for specific projects by specific industry sectors under the new project by-law scheme. The date of effect for the new item is 1 July 2002.

The policy objectives of the new item are to:

- encourage and enhance investment in the establishment of world-class operations;
- encourage the involvement of Australian industry in supplying goods and services;

- lower input costs for industry where there are sound reasons for doing so; and
- facilitate Australian industry participation in domestic and international supply chains.

The new project by-law scheme will significantly benefit Australian industry and streamline administration processes.

Project proponents will be able to import goods that are not made in Australia, or that are technologically superior, progressively through to the commissioning of the project provided that an Australian industry participation plan is completed giving Australian industry full, fair and reasonable opportunity in supplying the project. This is also in accordance with the principles of the Australian industry participation framework recently announced by Commonwealth, state and territory industry ministers.

In addition, the project by-law scheme will be expanded to include goods, such as pipelines and conveyors, and components, which are integral to a project. It also expands the range of industry sectors able to access the project by-law scheme to projects in the manufacturing and gas supply sectors as well as the current sectors of mining, resource processing, agriculture, food processing and food packaging.

The changes will boost opportunities for Australian industries by encouraging investment, growth and jobs throughout Australia, including in rural and regional areas.

The amendments to items 45, 46 and 56 in schedule 4 to the customs tariff introduce a closure date of 31 December 2002 for the utilisation of the concessions under these items. This alteration allows for the efficient termination of the present administrative arrangements, and allows the industry sectors a reasonable period of time to import the duty free capital equipment for which it has received approval under the current project by-law scheme.

Items 45 and 46 of schedule 4 to the customs tariff provides concessional entry for capital equipment not made in Australia to be imported duty free by industries in the

mining, resource processing, agriculture, food processing and food packaging sectors for use in approved projects where the total capital expenditure exceeds \$10 million.

Item 56 of schedule 4 to the customs tariff provides concessional entry for capital equipment which, in the opinion of the Minister for Justice and Customs, has a substantial and demonstrable performance advantage to be imported duty free by industries in the mining, resource processing, agriculture, food processing, food packaging and some manufacturing sectors for use in approved projects where the total capital expenditure exceeds \$10 million.

The remaining amendments in the bill are of a technical and minor nature. Full details of all the amendments contained in this bill are set out in the explanatory memorandum, which I now present.

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

SUPERANNUATION LEGISLATION AMENDMENT (INDEXATION) BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.01 a.m.)—I move:

That the bill be now read a second time.

This bill amends the Superannuation Act 1922 and the Superannuation Act 1976. These acts provide superannuation pensions for former Commonwealth civilian employees who were members of the 1922 act superannuation arrangements and the Commonwealth Superannuation Scheme respectively.

This bill will implement an initiative announced in the 2001-02 budget to assist older Australians who are Commonwealth civilian superannuation pensioners and who receive pensions from those schemes.

The budget initiative announced by this government will provide that, from January

2002, Commonwealth civilian superannuation pensions can be indexed twice yearly to the consumer price index instead of only annually.

Currently, Commonwealth civilian superannuation pensions can be increased only once a year, in July, where there has been an upward movement in the annual CPI. Under these arrangements, Commonwealth superannuation pensioners will receive a six per cent increase in their pensions in July this year.

Under the new arrangements provided for in the bill, these pensions will be able to be increased in January and July each year, taking into account any increase in the CPI for the half year ending in the respective preceding September or March quarter.

The first pension increase under these new arrangements will be payable to Commonwealth civilian superannuation pensioners in January 2002 if there is a half-year increase in the CPI in the September 2001 quarter.

These new indexation arrangements will also apply to members of the Public Sector Superannuation Scheme. Changes to the PSS rules will be made to apply these new arrangements to PSS pensions.

The amendments in this bill will increase the purchasing power of some 100,000 Commonwealth civilian superannuation pensioners, by reducing the delay between price increases and compensatory adjustments to their superannuation pensions. The new pension indexation arrangements are in addition to other initiatives announced by the government in the 2001-02 budget for self-funded retirees and age pensioners which may also benefit Commonwealth civilian superannuation pensioners.

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

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

NEW BUSINESS TAX SYSTEM (DEBT AND EQUITY) BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.06 a.m.)—I move:

That the bill be now read a second time.

The **New Business Tax System (Debt and Equity) Bill 2001** introduces a new approach for determining what constitutes equity in a company and what constitutes debt in an entity. The new rules implement the general approach recommended by the Ralph Review of Business Taxation for distinguishing debt from equity.

The debt-equity rules provide greater certainty and coherence than is attainable under the current law.

Importantly, the bill explains how the debt-equity borderline is drawn for tax purposes. The rules determine whether returns on an interest may be frankable or may be deductible.

The test for distinguishing debt interests from equity interests focuses on a single organising principle—the effective obligation of an issuer to return to the investor an amount at least equal to the amount invested. This test seeks to minimise uncertainty and provide a more coherent, economic substance based test that is less reliant on the legal form of a particular arrangement.

There is an extended definition of equity based on economic substance—broadly speaking, interests that raise finance and provide returns contingent on the economic performance of a company constitute equity, subject to the debt test. The definition of debt interest also constitutes a key component of the proposed thin capitalisation regime—contained in the **New Business Tax System (Thin Capitalisation) Bill 2001**—since it is used to determine what deductions may be disallowed.

This bill amends the dividend and interest withholding tax provisions so that the borderline between the provisions is consistent with the new debt-equity borderline. The rules also apply to the characterisation of payments from non-resident entities. There has been extensive consultation relating to

this subject, commencing from the review of business taxation to the release of exposure draft legislation in February 2001 and subsequently.

The measures will apply from 1 July 2001. However, a transitional rule is available to companies to elect that the current rules apply until 1 July 2004 for interests that were issued before 21 February 2001. This election provides for continuity in private sector decision making and allows issuers sufficient time to redeem issued instruments in an orderly manner. Full details of the measures in this bill are contained in the explanatory memorandum. I commend the bill and present the explanatory memorandum.

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

NEW BUSINESS TAX SYSTEM (THIN CAPITALISATION) BILL 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.09 a.m.)—I move:

That the bill be now read a second time.

On 11 November 1999 the government announced that it would ensure Australia receives its appropriate share of tax paid by multinational companies by strengthening the thin capitalisation rules. The **New Business Tax System (Thin Capitalisation) Bill 2001** introduces a new thin capitalisation regime based on the recommendations of the Ralph Review of Business Taxation. It will improve the integrity and fairness of Australia's taxation system. The new thin capitalisation regime will be more effective in preventing an excessive allocation of debt for tax purposes to the Australian operations of multinationals and will help make sure that Australia obtains a fair share of tax from those who operate internationally. In relation to operations in Australia, the bill denies tax deductions for debt expenses—mainly interest—in cases where the debt funding of the operations exceeds certain levels. For banks,

the tests are framed as a minimum equity capital requirement.

This bill also amends the current income tax law to change the rules on the deductibility of interest expenses for Australians investing offshore. To reduce compliance costs for small and medium enterprises, the new regime will not apply to taxpayers or groups of taxpayers claiming annual debt deductions—for example, interest expenses—of \$250,000 or less. In addition, the bill will allow Australian branches of foreign companies to borrow internationally without having to pay withholding tax on the subsequent interest payments. The current thin capitalisation measures, the existing provisions dealing with the capitalisation of foreign bank branches and the existing debt creation regime will be repealed.

The new thin capitalisation regime will apply from the start of a taxpayer's first year of income beginning on or after 1 July 2001. This will accommodate taxpayers with substituted accounting periods and, together with other transitional measures in the bill, gives all taxpayers more time to comply with the new regime. As a further transitional measure, companies can elect that the current rules apply until 30 June 2004 for interests that were issued before 21 February 2001. This election is in the [New Business Tax System \(Debt and Equity\) Bill 2001](#). Where that election is made, the instruments will be afforded transitional treatment in the new thin capitalisation regime. The government released exposure draft legislation in February 2001 and has consulted extensively with business in the development of these measures and is confident that the new measures strike an appropriate balance between revenue protection and facilitating commercial arrangements. Full details of the measures in this bill are contained in the explanatory memorandum. I commend the bill and present the explanatory memorandum.

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

AUSTRALIA NEW ZEALAND FOOD AUTHORITY AMENDMENT BILL 2001

Consideration resumed from 24 May.

Second Reading

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (10.14 a.m.)—I move:

That the bill be now read a second time.

The [Australia New Zealand Food Authority Amendment Bill 2001](#) implements the government's commitment to make the legislative changes necessary to commence the food regulatory reforms agreed to by the Council of Australian Governments—COAG—on 3 November 2000. The bill will establish a new statutory authority, Food Standards Australia New Zealand—I will refer to it as 'the authority'—to be based upon the existing Australia New Zealand Food Authority—ANZFA. The prime function of the authority will be to develop domestic food standards that will be adopted nationally. These standards will be developed based on scientific and technical criteria and in accordance with the objectives set out in section 10 of the Australia New Zealand National Food Authority Act 1991 dealing with protection of public health and safety and the provision of information to consumers.

The Senate made a number of amendments to the bill, some of which the government accepts and others we cannot agree to, particularly where they interfere with the rights of New Zealand and the states and territories, and consequently the government will be moving amendments to them. I understand that the opposition is concerned that the intergovernmental agreement on food regulation does not specify, except at the Commonwealth level, health ministers as the lead ministers. Consequently, the government will write to the Council of Australian Governments, COAG, asking them to consider the federal opposition's view that only health ministers should be lead ministers on the council. We believe that, once this bill is amended, all parties should be satisfied that the legislation will guarantee that public health and safety is the number one objective and that the new system will provide for national consistency in the interpretation, administration and enforcement of food regu-

lation and ensure consumers have sufficient information to make informed choices.

This is very significant reforming legislation. I wish to congratulate all those who, over a very long period of time, have had a role to play in bringing us to this point—everybody united in the objective of better serving the interests and, indeed, the demands of consumers in a very changing consumer environment. I particularly single out the Minister for Health and Aged Care, who not only has provided the leadership necessary to bring together officials from his department who have worked very hard and dutifully on this, at times, complex issue leading to necessarily complicated legislation reduced to its simplest form possible but also has been able to work cooperatively with the various state ministers across the political divide and to enlist the expertise that resides within their own health departments. Congratulations to all involved. It is legislation that the government is very proud of. It will have lasting benefits for consumers and for the community as a whole. We seek to enlist the support of the House for the bill, and I present the explanatory memorandum to this groundbreaking legislation.

Mr GRIFFIN (Bruce) (10.17 a.m.)—The [Australia New Zealand Food Authority Amendment Bill 2001](#) started its journey through this parliament as yet another example of this government's disregard for the views and the interests of the Australian public. Today I am happy to support a bill that, as a result of Labor and Democrat amendments, while not perfect, more closely reflects the Australian community's requirement for a food regulator that is independent of political and industry agendas and firmly places the protection of public health and safety at the centre of its objectives.

The purpose of this bill is to implement changes to the way food regulation is dealt with in Australia following a review of food regulation and the signing of a food regulation agreement between the states, territories and the Commonwealth. The genesis of this change was a review of food regulation, known as the Blair review, that was con-

ducted way back in 1998. The final recommendations of the Blair review were only seen by the public then in draft form before disappearing into a bureaucratic black hole for more than two years and reappearing as a piece of flawed legislation in February this year.

By its own admission, during the 'black hole' years the department of health did not bother consulting in any serious fashion with stakeholders, and over the last five months there have been attempts by this government and the department to justify this lack of consultation by referring to what happened during the Blair process. Labor does not accept this excuse and nor do the stakeholders. What was recommended in Blair in 1998 and what was spat out of the bureaucratic process in 2001 were two entirely different proposals and, as we have seen as a result of the Senate inquiry instigated by Labor, the 2001 proposal was completely unacceptable to major consumer and public health organisations.

Briefly, the major issues and concerns were: the potential to have the board of what is supposed to be an independent scientifically based food safety regulator potentially stacked by food industry representatives; a proposal for the ministerial council to lose its power to amend proposals and applications put before it by the FSANZ board; a proposal to allow food standard applications to become law by default if the ministerial council did not respond in 60 days; a ministerial council that may end up being controlled by lead ministers from portfolios other than the health portfolio, which could result in real and perceived conflicts of interest with the regulator's objective of protecting public health and safety; restrictions on where public information would be made available; and lack of a precautionary approach to assessing food standards.

Further to the Labor instigated Senate inquiry and following additional stakeholder consultation conducted by Labor, a number of amendments were moved in the Senate, and I am pleased that the government has decided to accept most of them. The Labor amendments that strengthen the transpar-

ency, independence and science and public health focus of Australia's prime food safety regulator result in the following: the ministerial council will maintain its power to amend as well as accept or reject applications and proposals put to it by the FSANZ board; proposals and applications put forward by the FSANZ board will not become law unless a majority of jurisdictions indicate support in writing to the board; the precautionary approach to assessment of food standards as outlined in the WTO's sanitary and phytosanitary agreement has been added to the objectives of the act; members of the FSANZ board will now serve for a fixed term to provide certainty and to prevent any politically motivated attempts to interfere with board membership; strong conflict of interest provisions have been added which prevent either the chairperson of the board or the CEO from having worked for or having had pecuniary interests in a body corporate involved in food production or manufacture for the two years prior to the appointment; all board members must now agree to post any personal material interests they may have on the FSANZ web site; and public information must now be made available in major national newspapers as well as on the Internet.

In addition, Labor and Democrat amendments have significantly improved the science and public health base of the board and have ensured that it cannot be captured by industry interests or its membership influenced by political preference. As a result, the new board comprises 12 members of which there are seven mandatory positions, including one from the National Health and Medical Research Council and a third New Zealand member representing an area of public health or science, five general positions of which three must come from public health, consumer and science areas and two from industry, government and regulation. The minister can appoint board members only from a pool of nominations put forward by relevant public and professional organisations.

Finally, I understand that the government will be making a commitment today and that, as I heard from the minister earlier, the Prime

Minister will write to all state and territory heads of government proposing that the intergovernmental Food Regulation Agreement be amended to specify that the lead minister on the ministerial council will be the health minister for all jurisdictions. On that basis, Labor has agreed to drop its amendments in relation to disallowable instruments. It is Labor's belief that states will embrace this change—that has been the indication so far—and we would urge them to deal with the issue as soon as possible.

This is a major victory for all Australians, who can now be confident that our food safety regulator will continue to be guided at the highest level by health rather than industry, trade or agriculture interests. As Labor has said throughout this debate, at a time when Europe is in crisis over issues relating to food safety as a result of regulation that has been driven by agricultural and trade rather than health imperatives, we should be moving to strengthen rather than water down the health focus of our regulation. I think the legislation in its amended form does just that and will give the Australian public greater confidence in the food that they and their families eat. This in itself will have very positive flow-on effects to the food industry in this country.

In conclusion, while this amended bill is worthy of support, it is a sad indictment of this government that such substantive changes have had to be forced through. Had there been sufficient open consultation with stakeholders throughout the entire development process, we might have started out where we have now ended up, and saved a lot of time and energy in the interim. On the basis of the government's acceptance of the amendments put forward by Labor and the Democrats, and the agreement reached to support the amendments proposed by the government today, I am now happy to commend this bill to the House.

Mr SECKER (Barker) (10.24 a.m.)—I am pleased to speak to the [Australia New Zealand Food Authority Amendment Bill 2001](#) even though to many people it might sound like a dry argument that is not going to excite

the hearts and minds of all Australians. But this is a very important bill because it affects every person's life every day, so I am very pleased to be able to speak in support of it. The bill amends the Australia New Zealand Food Authority Amendment Act 1991. Of course, since 1991 lots of things have changed and we have new conditions to proceed under.

The bill will change the process for the development of food standards in this country. It replaces the Australia New Zealand Food Authority with a new statutory authority and implements elements of the Food Regulation Agreement signed by members of the Council of Australian Governments, or COAG, in November 2000. The bill is the implementation of the government's commitment to make the legislative changes necessary to commence the food regulatory reforms that were agreed to by the members of COAG. It is a bill that recognises the need for public confidence in the health and safety of our food and the need for Australia to maintain its reputation for the highest quality of clean, green food products, for which we are known internationally. Because of this, it is a bill of vital importance to my electorate of Barker.

Barker could easily be described as part of the food bowl of Australia, Asia and indeed the whole world. We produce premium produce of every description, for both local and export consumption. From the grapes of the Coonawarra, Langhorne Creek, Kangaroo Island and Padthaway come some of the top-shelf wines that we all enjoy—in fact, I suggest many members of this House enjoyed a few last night. It is one of the great industries in this country, and its product does help us unwind. In Barker we also have abundant seafood, from the rock lobsters caught at Port MacDonnell, Robe and Kingston to the aquaculture which is a hugely growing industry off Cape Jaffa. There are lots of other areas in my electorate where, both on land and sea, the aquaculture industry has great potential. We produce great beef and export it to many countries around the world. And we have safe beef, which is pretty important these days when you consider what has gone

on in Europe with foot-and-mouth and mad cow disease. We produce fantastic lamb—I am a proud beef and lamb producer myself—and we produce pork. There is every conceivable form of agriculture and horticulture in my electorate of Barker, with the possible exception of tropical fruit like bananas, which we will leave to the expertise of the Queenslanders.

The signing of the Food Regulation Agreement 2000 was the culmination of lengthy consideration by all governments of the recommendations of the Food Regulation Review Committee chaired by Dr Bill Blair OAM. The Prime Minister announced the review of food regulation in his March 1997 statement, *More Time for Business*. At the time, the Prime Minister said that the food industry had significant concerns about the burden imposed on business by inconsistent and unnecessary regulation, poor coordination of government agencies and inconsistent compliance and monitoring arrangements. He went on to say that significant issues included the costs of transport compliance, the costs of labelling compliance and the importance of the continued adoption of uniform standards. These are some of the very concerns that this bill seeks to address.

The Food Regulation Review Committee was tasked with making recommendations to government on how to reduce the regulatory burden on the food sector and improve the clarity, certainty and efficiency of the current food regulatory arrangements, whilst at the same time protecting public health and safety—a very important issue for all Australians. After considering the recommendations made by the report of the committee, COAG agreed to a package of food regulatory reforms that ensure that a nationally coordinated approach to food regulation applies across the whole food supply chain. The new food regulatory reform package will ensure that, firstly, public health and safety is strengthened and maintained; secondly, there is a national consistency in the interpretation, administration and enforcement of food regulations; and, thirdly, consumers have sufficient information to make informed choices.

The new food regulatory framework is designed to operate efficiently by reducing costs to industry, government and consumers. In particular, it seeks to improve the timeliness and responsiveness of the food standards setting process while maintaining the transparency of, and community confidence in, the food regulatory system.

The agreement establishes a new ministerial council, the Australia and New Zealand Food Regulation Ministerial Council. The ministerial council will, among other things, develop domestic food regulation policy as well as policy guidelines for setting domestic food standards. Recognising the primacy of public health and safety considerations in developing such a policy, the Australia and New Zealand Food Regulation Ministerial Council will be based on the existing council of health ministers, the Australia New Zealand Food Standards Council, or ANZFSC. Its membership may also include other ministers nominated by individual jurisdictions covering portfolios such as primary or processed food production, or trade. Each jurisdiction will have one vote with a lead minister for each jurisdiction being chosen. Most jurisdictions have already indicated that their lead minister would be from the health portfolio.

I think this is a very important amendment to the act. I did have a problem with the previous act in that only health ministers were involved when some of the decisions actually had international and world trade implications. So it is very important that we allowed the possibility of agricultural ministers or trade ministers of being involved in this process but retaining the one vote for each state and territory and, of course, one for Australia and New Zealand in the new council. The problem with the previous act was in trade negotiations and where there were international implications—and we saw that with the genetic modification debate where the world trade implications were not taken into account. Under these proposals, they will be able to be taken into account. Each jurisdiction will have the ability to send ministers and staff along to be involved in

the process of decision making while still retaining that one vote with a lead minister.

The bill will establish a new statutory authority, Food Standards Australia New Zealand—the authority—to be based upon the existing Australia New Zealand Food Authority, or ANZFA, as it has become well known. The prime function of the authority will be to develop domestic food standards that are to be adopted nationally. These standards are to be developed based on scientific and technical criteria and in accordance with the objectives set out in section 10 of the Australia New Zealand Food Authority Act 1991, dealing with the protection of public health and safety and the provision of information to consumers. This is retained and is very important because consumers demand to know what is in their food—and rightly so.

The authority will have a board. The board will approve standards developed by the authority and notify those standards to the ministerial council. The members of the board will be appointed by the Commonwealth Minister for Health and Aged Care, but only with agreement from the ministerial council. The board membership must include someone with expertise in consumer rights. So consumers will continue to be protected. The FSANZ chief executive officer will be appointed by the board.

The new food regulatory arrangements will strengthen ministerial authority and accountability. The ministerial council will develop and promulgate policies that are consistent with the objectives and other matters set out in section 10 of the Australia New Zealand Food Authority Act 1991 in order to give clearer guidance to the authority in its development of food standards. This will enable the ministerial council to direct, rather than react to, proposals by the authority. That is a very important difference. It will also have the capacity to direct the authority to review any standard—any standard—and can reject any proposed draft standard in accordance with the arrangements set out in the Food Regulation Agreement 2000.

The bill sets out the process for the development of food standards that takes into account these roles of the ministerial council. The bill also makes provision for the transition from the Australia New Zealand Food Authority, ANZFA, to the statutory authority, Food Standards Australia New Zealand, and other amendments that are consequential to the renaming of the act and the creation of the new authority.

The new food regulatory framework is designed to ensure that food businesses produce food that is safe and suitable for human consumption. To be effective, it must apply across the whole food supply chain. The authority will therefore eventually be able to develop all domestic food standards that are to be adopted nationally and with New Zealand, including those that under current arrangements are or would be established by the ministerial Agriculture and Resource Management Council of Australia and New Zealand.

The arrangements for the development of these primary product standards will be developed by the new ministerial council and may require further legislation, and that is understandable. As we go on and learn a little bit more about the effect of this, it may require further legislation and amendment—and that is the role of governments and parliaments. New Zealand has indicated that it will not be adopting these primary product food standards because it has other systems in place for their development, and we could probably learn some things from them as well as their learning some things from us. The ministerial council will also determine the arrangements to provide for high level consultation with key stakeholders. Again, that is a very important process that we need to go through so that all those affected have a right to be heard and have the ability to argue for necessary changes that might be made by a future government.

The new arrangements are designed to enable food standards to be developed more quickly, if agreed by the members of the ministerial council. All standards, except those urgent standards that must commence

immediately to protect public health and safety, will commence if the council has informed the authority that it does not intend to request a review of a draft standard approved by the authority, if a period of 60 days has expired without the council requesting the authority to conduct such a review, or, in relation to an approved draft standard that has already been reviewed twice, the council does not reject that draft standard.

Because of the proposed capacity of the authority to eventually develop all domestic food standards to be adopted nationally, the board will be able to have a wider range of expertise than does the present ANZFA. For example, the bill enables the appointment of members with expertise in primary food production and small business, and rightly so, because they are very much affected by this legislation, as are the consumers of Australia. As I previously said, there will always be someone appointed with a consumer interest in mind. It should be noted that consumer rights are protected in this bill. The amended act will require that the FSANZ board must have a member with that expertise in consumer rights. At the same time, the new regulatory model maintains the existing open and publicly accountable arrangements which allow input by all interested groups. Within the act there is a set process for FSANZ to follow when developing standards that requires public consultation through calls for submissions on the draft standard as it goes through the assessment process.

There are a few other key elements of the new food regulatory system that do not require legislative change. First, a food regulation standing committee will support the council. The membership of this committee consist of heads of health departments and heads of other government departments that reflect the membership of the council, as well as a senior representative from the Australian Local Government Association. As a person who had 11 years of experience in local government before I came into this place, I am very pleased to see this addition. They are often the groups that actually have to administer the food regulations, so it is important that they are involved at the high-

est level as well as the lowest level, as they presently are. In fact, they often have to do the important business of ensuring that our food safety is protected. The committee is to be chaired by the Secretary to the Commonwealth Department of Health and Aged Care. Second, the council will establish a mechanism for the provision of stakeholder advice by representatives of the interests of consumers, small business, industry and public health.

I conclude by saying I am pleased to be part of this motion before the parliament. The amendments are very sensible. There has been a lot of consultation. It is an example of where government and opposition members have worked together to come up with clear legislation which protects the interests of consumers and also looks after those businesses that supply us in the food chain throughout Australia. I commend the bill to the parliament and have been very pleased to speak to it.

Mr ADAMS (Lyons) (10.41 a.m.)—The [Australia New Zealand Food Authority Amendment Bill 2001](#) is, I believe, the final response to the 1996 report of the Small Business Deregulation Task Force, in which a review was suggested of food regulations. The draft of the resulting Blair review, *Food is a growth industry: the report of the food regulation review*, appeared in August 1998. This initial process involved broad public and industry consultation. The objective of the review was to recommend to the government how to reduce the regulatory burden on the food sector and improve the clarity, certainty and efficiency of the current food regulatory arrangements while at the same time protecting public health and safety.

The government was supposed to respond in April 2000. It was to look at the review, develop a model food act and consider four food safety standards for inclusion in the ANZFA food standards code. But this has been dealt with piecemeal, and the public has been denied scrutiny through a series of bills that finally ended up with this one. Although some of the basis of the Blair review remains in the bill, it is a bit of a dog's breakfast and

has been done without proper consultation or discussion. Many have been concerned about the details of it. However, there has been a lot of work done on amendments, and both sides of the parliament and the Democrats have been able to implement a few changes that will make the new authority less industry biased and more independent.

The bill was originally put together to do the following. The object of this legislation is to ensure a high standard of public health protection throughout Australia and New Zealand by means of the establishment and operation of a joint food authority to achieve the following goals: a high degree of consumer confidence in the quality and safety of food produced, processed, sold or exported from Australia and New Zealand, a pretty positive goal; an effective, transparent and accountable regulatory framework within which the food industry can work efficiently, also a pretty good goal; the provision of adequate information relating to food, to enable consumers to make informed choices, also a pretty logical goal; the establishment of common rules for both countries and the promotion of consistency between domestic and international food regulatory measures without reducing the safeguards applying to public health and consumer protection, to promote consistency between the standards in Australia and New Zealand with those used internationally based on the best available scientific evidence. With changes in food production, et cetera, those are very good goals to have.

The objectives of the authority in developing food regulatory measures and variations of those measures include the protection of public health and safety, the provision of adequate information relating to food to enable consumers to make informed choices and the prevention of misleading or deceptive conduct. In developing food regulatory measures and variations of those measures, the authority must also have regard to the need for standards to be based on risk analysis using best available scientific evidence, the promotion of consistency between domestic and international food standards, the desirability of an efficient and internationally

competitive food industry and the promotion of fair trading in food.

ANZFA is to be restructured to form a new statutory authority, Food Standards Australia New Zealand, under a new and potentially industry biased board, allowing food standards to be developed more quickly at the risk of proper scrutiny, allowing the ministerial council to develop policy guidelines instead of principles that are disallowable instruments and decreasing the breadth and type of consumer notification. The Australia New Zealand Food Authority Amendment Bill 2001 and the Food Regulation Agreement are supposed to deliver a new food safety model. Unfortunately, this government was not prepared to accept the Blair review's recommendations to ensure that there was proper independent assessment. They have allowed interests to creep in and have also lessened the powers of the board to ensure independence. This new faster process for approving, reviewing or rejecting applications and proposals will mean that there is an increase in bureaucratic control of the food safety decision making process. In addition, the fact that decisions will now be made outside formal meetings will mean there is less transparency. Finally, proposed changes to the ANZFA board will lead to weaker consumer input and potentially increased industry input with no provision for increased scientific representation.

The only way we can make this more acceptable is to change the composition of the proposed FSANZ board and the way in which the board is chosen. The process by which the ministerial council sets policy and makes its decisions should be changed, and it is vital to increase consumer information and input. In making changes to the board to increase its consumer and science base, we need the involvement of agriculture, trade and other departments in the two major policy functions—the ministerial council and the standing committee—as well as the involvement of the Food Regulation Consultative Council, the stakeholder advisory group, to provide sufficient broad based input and expertise to ensure that board decisions take

into account the needs of all major stakeholder groups.

I for one have some very serious concerns about the ability of this bill to ensure the safety of our products against those of some of our closer competitors. When I spoke on this bill in an earlier form in 1999, I expressed an opinion then that it was all very well to have a single agency for the development of a national food standard within your own agency but of concern is that we may adversely affect our own producers by lowering the standard bar. I do not think bringing down the bar to satisfy someone else is in our best interests or in the best interests of producers in Australia. So my concern is that the standard set is not the lowest common denominator that allows products to sneak through when we are unsure of them and where a company representative on a board assures us that it is all right.

We must make sure there is a distinction made between commercial and health goals. I am still not totally comfortable with our arrangements with New Zealand. There are certain aspects here that could have significance for my state. I believe the powers at this stage are not strong enough to prevent products heading into Australia that would be a health risk to our primary food producers. There are insufficient independent scientific professionals who can have a deciding influence on the committee and who are capable of properly judging risk when that decision is required. This has to do with quarantine and the overall problem of keeping our own produce free from disease. We just cannot afford to compromise this.

The amendments sought are vital and must be considered. We must ensure there is no conflict of interest with any persons that serve on the board to oversee these provisions. I think the previous speaker talked about consultation. The Labor senators' minority report pointed out where consultation was lacking and that most of the groups that gave evidence—including the Australian Consumers Association, the Dieticians Association of Australia and the Public Health Association—expressed a big concern about

the lack of consultation on the new food regulatory model outlined by the government. Although they may have given evidence during the review process and for the Blair report, it has been two years since then and people were not given proper opportunities for consultation. So when people say, as the previous speaker did, that there has been a lot of consultation, it has been pointed out in plenty of evidence that that has not been the case.

I believe it is at the government's peril if they do not listen to the Australian people on this, particularly those primary producers whose livelihood is in the hands of the decision makers. I certainly support the opposition's amendments, and call on the House to give them support.

Mr CADMAN (Mitchell) (10.53 a.m.)—This is the second time in a comparatively short time that the [Australia New Zealand Food Authority Amendment Bill 2001](#) has been before the House. The major bill went through at an earlier time. There have been consequent amendments and consultations, and now we are seeing what is basically a second go at the legislation. It is important legislation because with it we are trying to get a common food code that is beneficial for our exporters, our manufacturing industries and our food processors and maintains and lifts the standard of the quality of food in Australia.

Arising from one of the earlier reports prepared by this government on the way in which small business must meet compliance costs, the fact that regulations took so much of a small retailer's time was one of the reasons we have investigated the whole food regulatory environment. Of course, the health professionals had to come into it and have their say about whether you could do something or not. In my opinion, through Dr Bill Blair, they appeared to hijack the debate—which should have been, but was not for some time, a balanced debate on making life easier and simpler for administration but, at the same time, maintaining and increasing the quality of standards.

I am pleased that the government is making these amendments. I am pleased that we are now approaching something of a practical and workable solution, not to find a balance between competing forces but to find the best way of doing things for Australia's advantage. At one point in the process of the development of this legislation, I was told proudly by a senior person within the administration that we would have a set of regulations which was 10 years ahead of anything that the Germans are currently doing. That is very exciting from an administrative point of view but, from the cost point of view, we need to be able to think of Australia's exporting industries and the fact that the food exporting industry of Australia—relying on our clean and green image and on the high quality of hygiene and technical skill of Australian producers—is one of our fastest growing export industries. We therefore need to make sure that any decision making in regard to food regulation and labelling achieves the result of having the consumer knowing what they are buying and confident in the quality of what they are purchasing but, at the same time, is not so bound up with red tape that it makes it an uncompetitive exercise for Australia's primary producers and for our food processors.

This legislation has been through the Senate Community Affairs Legislation Committee, which on a majority decision considered that the legislation is adequate—although I notice that the Australian Labor Party took a line which I find quite a mixed line, as the previous speaker indicated: 'We want the best for our growers, but what about the consumers too?' There seems to be no effort to find the middle ground where consumers have confidence but producers can also carry on at a level of confidence and certainty. They are very confused in their outlook.

Figures quoted by various authorities say that Australia has a large number of food poisoning cases. That was a very general sort of study, as I remember it. It was commissioned perhaps by the minister for health, and it came out with some extraordinary figures, after collecting facts from hospitals

around Australia. The one disappointment in all of it was that it never identified what the exact source of food poisoning was. It seemed to indicate that the fast food industry was the most dangerous industry in Australia. I myself would not hold that view. I think we have one of the best fast food industries in the world—but that does not mean to say it cannot be improved.

What the study did not reveal was how many cases of food poisoning or problems related to food were created by lack of knowledge and poor hygiene within the homes of Australia—a factor which is a real shortcoming of that report. It would have been a valuable bit of information because it would not only allow us to initiate programs of health and hygiene through schools and parent groups and programs of support through community outreach programs from hospitals and community health centres but also help us to identify which sections of industry needed careful attention with regard to food regulations. A small retail outlet providing food on a busy Saturday morning for families out shopping has one set of circumstances it needs to deal with, a restaurant has another set of circumstances and a hotel another set of circumstances. Our exporters exporting food in bulk have yet another set of circumstances. All of these have been brought together in an attempt to make a simpler, more easily administered and lower cost process for food handling and processing in Australia.

The government, I believe, has made a valiant effort. The Australian Labor Party, by contrast, appears to be all over the place on this. They are trying to say, 'We stand for the producers and we stand for the consumers, but nasty business appears to be in the middle of it.' The fact of the matter is that Australia needs to export its food products. We cannot possibly eat all the food we produce ourselves, and we need to have sensible rules that will make our products attractive to our customers and will allow us to meet those markets.

In the early stages of the development of this legislation, there were many complaints

from industry groups about the cost of the new national food safety laws. There was also concern, of course, about the prospect of our dropping our standards, because we were in some way harmonising the Australian regulations with those of New Zealand, and it was felt—and is felt by some—that the standards for food preparation and food processing in New Zealand may be lower than those in Australia, and therefore the harmonisation process caused concern in a number of people.

There have also been remarks made, particularly during the period of the Senate hearings, by nutritionists and others that they are concerned that the industry bodies on the board are going to somehow or other diminish the effectiveness of the ANZFA. I dispute that, because the fact of the matter is that, unless we have sensible input from industry, trade and agriculture, we are going to make some really wrong decisions. I bring to the House the fears of some of my primary producers. They have fears about inspectors coming into their paddocks and onto their farms with draconian authority, forcing them to construct lavish buildings for the simple processing of vegetables or fruit; they have fears about then being unable to appeal through proper process to anybody who can help alleviate the costs of what they are doing. The small farmers in the electorate of Mitchell and other areas surrounding the city of Sydney produce some of the highest quality, freshest vegetables and fruit in the nation. Their product is much sought after and it is a hugely valuable commodity, approaching a value of \$2.4 billion; it is very substantial indeed. It is taken up on a day-to-day basis by high-quality restaurants and high-quality food stores, because it is fresh and can be picked at a stage of optimum ripeness, freshness or maturity and quickly transported to homes or restaurants and other outlets and consumed.

So these growers, who are not large growers and are in many cases from non-English-speaking backgrounds, are hugely worried that somewhere here in Canberra there is going to be this horrific, monolithic monster, run by people who, although they have never

been closer to a farm than a trip down the Federal Highway between here and Sydney, will be making decisions about their livelihoods and their incomes which, if put in context, could cause them severe economic damage. The paddock to plate concept run by Dr Bill Blair means that the food inspectors would come onto the farm to see how a crop is grown and producers would be forced to fill out forms about how the crop is grown, noting what date sprays are put on and becoming completely accountable every step of the way, rather than using the traditional method of testing the final product and saying, 'Is this product sound and fit for human consumption?' Instead, we are supposed to start at the beginning and follow every step, and if every step is right then the final product must be fit for human consumption. That is a hugely costly process and it is one that, I am pleased to say, has been substantially rejected. We have reverted to the situation where the quality of the product itself is going to be assessed, and that is what is necessary.

Much of this superfluous legislation was an effort by major chain stores such as Coles and Woolworths to absolve themselves from responsibility in the presentation of food. They were at a point where they said, 'Is it fair for our buyers to be responsible for the quality of what they buy?' The concept originally contained in the ANZFA legislation was, 'No, it is not. We cannot accept responsibility for what we sell through our stores. The grower who produces it or the farmer who grows the livestock or produces the vegetables or the fruit is the one who is responsible, not the retailer.' So this framework is an effort by the big retailers to push the responsibility down and get away from the prospect of litigation against themselves. It seeks to spread the responsibility down to the grassroots. Originally, it was meant to let those major outlets duck any unexpected litigation. That is part of the process, I have to say, because it was designed in that way. It was designed in such a way that the cost was spread to the small from the large. Instead of the large bearing a good part of the cost, as they should have been, the cost was spread

down through the chain to the truckies, the yardmen at the abattoirs, the slaughtermen themselves and the farmers. Every step of the way, a person was going to carry some responsibility. However, it would seem to me that ultimately a buyer going to purchase something for a large food retail outlet has a responsibility to assess the quality of what they are buying, to make a decision on whether all the processes and steps have been gone through, and then to rely on their judgment and knowledge as to whether the product is fit for human consumption and whether the producer and processor have complied with all the appropriate state and Commonwealth laws.

I am pleased to say that we have a more balanced approach. I am pleased to say that some of the extraordinary writings I have seen over the last few days about how we are diminishing our food legislation and how we are throwing out the baby with the bathwater are hugely exaggerated and, I would have to say, largely rubbish. This is a step forward—and an important step forward. The goal that people set out to fulfil here, that is, to have a harmonised relationship on food quality throughout Australia and to bring together some unity in labelling laws and processing factors throughout the nation and New Zealand, will be greatly beneficial. To simplify is greatly beneficial, to have uniformity is greatly beneficial; but to complicate it in the process to something way beyond what it ever was before is not beneficial.

I refer members opposite to a publication prepared by ANZFA, *Food safety standards—costs and benefits*, and to a report, *Overcooked: a study of food compliance costs for small business*. I would ask them to consider where the balance lies between what was proposed at that time and what is a reasonable thing to ask of small business. The fact of the matter is this: if local government had exercised its responsibility to enforce the ordinances and laws that it is supposed to enforce, there would never have been any problems anywhere. And I do not think there are any problems. The fact is that local government has not done its job and will not do its job under the new legislation.

There is no way it will. If anybody thinks that the form fillers and people who have a responsibility at a federal level to in some way reconcile all of these steps in the food chain for every producer and every product are going to do the job, I have great doubt that it will happen. The Australian Taxation Office has not been able to do it and neither will anyone else be able to do it. It is people at the workplace who have the responsibility who ought to be doing the job.

This legislation does a few things. It prevents the ANZFA Council from making disallowable policy principles, and allows it to make only non-disallowable principles. That change will make it possible for the council to issue policy principles in relation to the development of food standards, and provides that they would be instruments that would have to be tabled and could be disallowed by the Senate or the House of Representatives. I have no problem with that. I would have preferred the former so that some proper decision outside ANZFA can be given on the proposals. The composition of the board is changed, as I have said, and there are some other changes to the way in which the ministerial council will meet. That is the council comprised of all state ministers for health and the federal minister. The House needs to understand that the federal minister in this instance was only an equal player; there was no way the Commonwealth could call what could be termed a national priority shot. The federal minister was just one of many. As a government we had put ourselves in the hands of others and, to me, there should have been some reserve capacity to disallow something or to not do something or to do something if it was in the best interests of Australia. That has changed slightly now with the change in the composition of the ministerial council and I am pleased to see that that has occurred.

The writings of people like Geoff Strong about the industry taking over food safety, and some of the writings of other journalists who tended, in my opinion, to not take into account the full benefit that can flow to Australia from this change and who have chosen to push the line of the nutritionists or

the Australian consumer council without looking at the whole thing in a comprehensive manner, are unfortunate. I am sure the government has found the right balance. I know that my primary producers are going to have to do better and better under this legislation. They are going to have to be more accountable. But I know that the big chain stores are not going to be able to dump it down on others either under this legislation. I also know that Australia is going to get a fair go in the international forum, and we were not before. I know that the states were going to dominate us before, and they will not now. I think this legislation is a good compromise and I recommend it to the House.

Ms HALL (Shortland) (11.13 a.m.)—I rise to support the [Australia New Zealand Food Authority Amendment Bill 2001](#) with the agreed amendments. In doing so, I must say that I have some concerns through listening to the previous speaker. It really shows where the government came from initially: looking at reducing costs, abrogating government responsibility and being prepared to adopt a harm minimisation approach to food safety—something that governments cannot afford to do because we need to be assured that the food we eat is safe.

The [Australia New Zealand Food Authority Amendment Bill 2001](#) demonstrates yet again how the Howard government tries at every opportunity to avoid proper consultation and how it disregards the views and interests of the Australian people. It is an arrogant government that is frightened of consultation and frightened of listening to people and accepting their views. The [Australia New Zealand Food Authority Amendment Bill 1999](#) demonstrated this fact most vividly. You would think that the government would have learnt from its attempt to forge ahead with legislation regardless of public concern. This legislation, as I mentioned earlier, is a vast improvement on the previous legislation, particularly with the amendments, and it is legislation that I feel comfortable supporting now that it incorporates these amendments.

I think it is important, though, to consider the background to the legislation, which backs up what I was saying about the government's failure to consult and failure to take the community with it willingly. Rather, the government is forced into a position where it has to accept some changes to its legislation. It first goes for the most draconian legislation that it can and, if it fails, it will accept amendments and modify its legislation. In 1997, the Prime Minister announced a review of food regulation, the Blair review. The objective of this review was to recommend to the government how to reduce the regulatory burden on the food industry. That was the number one point, how to reduce the regulatory burden; not how to ensure that the food that Australians consume is safe. To me, that is a great concern. I feel that the most important thing that a government can do is to work towards, ensure and legislate for the safety of the people of our country. The review was also to improve the clarity, certainty and efficiency of current food regulation; and then at the bottom, as if it were an afterthought, it was to protect public health and safety. I believe that health and safety is at the top.

When we look at cutting red tape, when the Howard government was elected it said that it was going to cut red tape by 50 per cent. If we look at what it has done since it has been in power, we see that there has never been a government that has increased red tape to the degree that this government has. The amount of paperwork that small businesses are now confronted with through the government's GST legislation, where small businesses have now become the tax collectors of the government, is testimony to the fact that this government is not about cutting red tape; rather, it is about creating red tape.

A formal response to the Blair review was expected to be made in April this year but, instead of the government responding formally in April, it has released it in a piecemeal approach. First of all, we had the [Australia New Zealand Food Authority Amendment Bill 1999](#), then the government released the Food Regulation Agreement with

the states—so it is a dribble here, a drop there—and finally we have the [Australia New Zealand Food Authority Amendment Bill 2001](#). All of this happened without the benefit of public scrutiny. We have a government that is frightened of public scrutiny, it is frightened of transparency, it is frightened of consultation and, more than anything, it is frightened of open government. It does not want the people of Australia to know what it is doing—not willingly. It has to be pulled, kicking and screaming, to inform the people of Australia of what it is doing, rather than tricking them into believing that it is doing something else.

The ANZFA Amendment Bill 2001 originally proposed to restructure ANZFA as a new statutory body under what we on this side of the House believe was a potentially biased board. We have all seen the kind of approach that this government has to boards. It stacks boards with its friends, with its mates, and people that will ensure that the government gets the outcomes that it wants. This was a great worry to us on this side of the House, because we really believe that the make-up of the board could jeopardise the safety of our food and our community, particularly if that board were loaded with representatives from the food industry. It also allowed food standards to be developed more quickly at the risk of proper scrutiny; it allowed the ministerial council to develop policy guidelines instead of principles that were disallowable; it decreased, in breadth and type, the type of consumer notification; and changes would lead to increased bureaucratic control and decision making being done outside the council meeting. The Australian Consumers Association called for the precautionary principle, as outlined in the [Gene Technology Bill 2000](#), to be included. You can see why there are so many concerns.

I have already mentioned the composition of the board, the potential for that to be stacked by food representatives and how this will impact on our food safety. The setting of policy and the making of decisions—the proposal for the ministerial council to lose the power to amend proposals put forward by the ANZFA board—is a real concern, as well

as that applications could become law if the ministerial council did not respond in 60 days. Of more concern than anything is that there was a proposal going around that the lead minister need not have a relevant portfolio. When we are considering matters that are going to affect the health of all our community, when we are looking at something that goes to the food that we eat, the minister in charge should be the health minister. There were limited avenues for consumers to have input, there was a restriction on public information and, as I have mentioned, there was a lack of the precautionary approach to assessing food—the harm minimisation approach. The government's original legislation had the potential to impact enormously on the evaluation of food safety and the quality and safety of our food. It had the potential to endanger community health. There was none of the protection that government legislation should provide the community so that the community knows that the food we eat is safe.

The legislation before parliament now includes amendments that have been put up by the Labor Party and the Democrats and it is now acceptable, but it is important to note that the legislation the Howard government wanted to impose is the legislation that I just spoke of—not the legislation we are considering today. Let us consider these amendments and see how they have made the legislation workable. Firstly, the opposition has obtained a commitment from the Prime Minister to write to all state and territory heads of government to propose that the intergovernmental Food Regulation Agreement be amended to specify that at all times the lead minister of the ministerial council will be the health minister for all jurisdictions. That is appropriate. The health minister is the minister who should be looking at public health and safety issues.

The second amendment is that the power of amendment be returned to the ministerial council. This is the same power that was used by the council to prevent the watering down of the genetic modification labelling standards. Under the legislation as it was originally, this could still have happened. It

is a very important amendment. Under the proposed legislation, the ministerial council has 60 days to assess the application. The amendment now says that, if there is no response within the 60 days, the proposal or application will become law by default. Once again, this is very important. The precautionary approach to food safety has been adopted by adding the wording from the Sanitary and Phytosanitary Agreement to the objectives of the ANZFA bill, which provide for a 'precautionary approach to be taken in assessing all food standards'.

The term for the board members will once again be a fixed term of four years. That removes the politics from the situation and enables members of the board to operate independently and not have to worry that any decision they may make could result in their losing their positions. The conflict of interest provisions are also very important. The members of the board will post their personal material interests on the Internet, and public information must now be made available in the major national newspapers.

The final amendment I would like to touch on concerns the board structure. The board has been expanded from 10 to 12. There are seven mandatory positions now, including members from the NHMRC and three from New Zealand, most of whom come from a health-science background, which is important because it is health and science knowledge that we need in this area. There are going to be five other members. Three are to be nominated by public health and science groups—once again we have that health-science approach—and drawn from areas of expertise such as food safety, food allergy, human nutrition, consumer rights, microbiology, medical science, biotechnology, veterinary science and public health. Two are to be nominated by industry and public bodies and drawn from the following areas of expertise: food regulation, government, food industry, primary food production, small business and international trade.

This legislation can now be accepted. It is not legislation that has been whisked through

that will impinge on the health and safety of our community's food. The legislation now provides for a board that is not loaded with industry representatives. It is legislation that I sincerely hope will ensure that, without question, the food we eat is safe.

Mr VAILE (Lyne—Minister for Trade) (11.27 a.m.)—In considering the **Australia New Zealand Food Authority Amendment Bill 2001**, I ask the House to remember its antecedents. They are the new food regulatory reforms, agreed to by all state and territory governments, that are designed to achieve a more integrated and effective system of food regulation. This bill is only one part of these reforms but it is a very important part. It ensures that a body with science based expertise will develop and approve all food standards. It also ensures that a ministerial council comprising ministers representing all relevant portfolios will set the policy framework for the development of food standards and must also be completely satisfied with those standards. The bill demonstrates this government's continued commitment to the protection of public health and safety. It improves upon the already robust regulatory arrangements that protect the safety of food of all Australians.

I note that the member for Bruce and the member for Shortland in their comments mentioned an agreement specifying health ministers as lead ministers. I am advised that the terms of the agreement that the government reached with the opposition in relation to this matter are that the government will raise with COAG ministers the federal ALP's wish that the Food Regulation Agreement be amended to prescribe health ministers as the lead ministers for each state and territory and that in return the ALP would support the removal of the Senate amendments in relation to disallowable policy principles. It should be noted that the Commonwealth minister for health will chair the ministerial council and is the Commonwealth's lead minister. I thank all members for their contributions to the debate on this important bill and commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr VAILE (Lyne—Minister for Trade) (11.30 a.m.)—by leave—I present a supplementary explanatory memorandum to the bill and move:

- (1) Clause 2, page 1 (line 21), omit "Part 3", substitute "Parts 3 and 4".
- (2) Clause 2, page 2 (line 16), after "Schedule 1", insert "(other than item 120A)".
- (3) Schedule 1, item 36, page 8 (line 8), omit "principles", substitute "guidelines".
- (4) Schedule 1, item 37, page 8 (line 12), omit "principles", substitute "guidelines".
- (5) Schedule 1, item 37, page 8 (line 14), omit "principles", substitute "guidelines".
- (6) Schedule 1, item 37, page 8 (after line 14), after subsection (3), insert:
 - (3A) Policy guidelines formulated by the Council for the purposes of paragraph (2)(e) must not be inconsistent with the objectives set out in subsection (1).
- (7) Schedule 1, item 37A, page 9 (lines 15 to 24), omit the item.
- (8) Schedule 1, item 81, page 22 (line 7), before "amend", insert "by written instrument,".
- (9) Schedule 1, item 81, page 22 (line 13), after "must", insert "inform the Authority that the Council has amended the draft, and".
- (10) Schedule 1, item 118, page 38 (line 8), after "Council", insert "for the purposes of this paragraph".
- (11) Schedule 1, item 118, page 38 (after line 8), after paragraph (c), insert:
 - (ca) one member nominated by the New Zealand lead Minister on the Council for the purposes of this paragraph; and
- (12) Schedule 1, item 118, page 38 (line 12), omit "4", substitute "3".
- (13) Schedule 1, item 118, page 38 (lines 12 and 13), omit "scientific and public health organisations", substitute "organisations, or public bodies, established for purposes relating to science or public health".
- (14) Schedule 1, item 118, page 38 (lines 14 and 15), omit "food industry organisations or

- public bodies”, substitute “organisations, or public bodies, established for purposes relating to the food industry”.
- (15) Schedule 1, item 119, page 38 (before line 18), before subsection (1B), insert:
- (1A) A member mentioned in paragraph (1)(a), (c), (ca), (d), (e), (f) or (g) is to be appointed by the Minister.
- (16) Schedule 1, item 119, page 38 (line 22), after “(1)(c)”, insert “or (ca)”.
- (17) Schedule 1, item 120, page 38 (before line 25), before subsection (3), insert:
- (2B) The Minister may appoint a person as a member mentioned in paragraph (1)(a) or (c) only if the Minister is satisfied that the person is suitably qualified for appointment because of expertise in one or more of the following fields:
- (a) public health;
 - (b) consumer affairs;
 - (c) food science;
 - (d) food allergy;
 - (e) human nutrition;
 - (f) medical science;
 - (g) microbiology;
 - (h) food safety;
 - (i) biotechnology;
 - (j) veterinary science;
 - (k) the food industry;
 - (l) food processing or retailing;
 - (m) primary food production;
 - (n) small business;
 - (o) international trade;
 - (p) government;
 - (q) food regulation.
- (2C) The Minister may appoint a person as a member mentioned in paragraph (1)(ca) only if the Minister is satisfied that the person is suitably qualified for appointment because of expertise in one or more of the following fields:
- (a) public health;
 - (b) consumer affairs;
 - (c) food science;
 - (d) food allergy;
 - (e) human nutrition;
 - (f) medical science;
 - (g) microbiology;
 - (h) food safety;
 - (i) biotechnology;
 - (j) veterinary science.
- (18) Schedule 1, item 120, page 38 (line 26), omit “paragraph (1)(a), (c) or (f)”, substitute “paragraph (1)(f)”.
- (19) Schedule 1, item 120, page 39 (lines 7 to 9), omit paragraph (b), substitute:
- (b) the Minister has sought nominations from such organisations and public bodies as are prescribed by the regulations for the purposes of:
 - (i) if the person is suitably qualified for appointment because of expertise in only one field mentioned in paragraph (a)—the subparagraph of paragraph (a) that is applicable to that field; or
 - (ii) if the person is suitably qualified for appointment because of expertise in more than one field mentioned in paragraph (a)—a subparagraph of paragraph (a) that is applicable to one of those fields; and
 - (c) the person has been so nominated.
- (20) Schedule 1, item 120, page 39 (lines 22 to 24), omit paragraph (b), substitute:
- (b) the Minister has sought nominations from such organisations and public bodies as are prescribed by the regulations for the purposes of:
 - (i) if the person is suitably qualified for appointment because of expertise in only one field mentioned in paragraph (a)—the subparagraph of paragraph (a) that is applicable to that field; or
 - (ii) if the person is suitably qualified for appointment because of expertise in more than one field mentioned in paragraph (a)—a subparagraph of paragraph (a) that is applicable to one of those fields; and
 - (c) the person has been so nominated.
- (21) Schedule 1, item 120A, page 39 (line 28), after “1991”, insert “as amended by this Schedule”.
- (22) Schedule 1, item 120A, page 39 (after line 33), at the end of the item, add:

- (3) Subitem (1) has effect in addition to section 4 of the *Acts Interpretation Act 1901*.
- (23) Schedule 1, item 126, page 40 (line 14), omit “a period of 4 years.”, substitute “the period specified in the instrument of appointment. The period must not exceed 4 years.”.
- (24) Schedule 1, item 128, page 41 (line 16), after “2 years”, insert “ending”.
- (25) Schedule 1, item 128, page 41 (after line 20), after subsection (8), insert:
- (8A) For the purposes of subsection (8):
- (a) a director (however described) of a body corporate is taken to be employed by the body corporate; and
 - (b) the secretary (however described) of a body corporate is taken to be employed by the body corporate.
- (26) Schedule 1, item 146A, page 43 (line 22), after “any time”, insert “during the period of 2 years ending”.
- (27) Schedule 1, item 146A, page 43 (after line 25), after subsection (3), insert:
- (3A) For the purposes of subsection (3):
- (a) a director (however described) of a body corporate is taken to be employed by the body corporate; and
 - (b) the secretary (however described) of a body corporate is taken to be employed by the body corporate.
- (28) Schedule 1, item 171, page 49 (line 30), omit “principles”, substitute “guidelines”.
- (29) Schedule 1, page 60 (after line 24), at the end of the Schedule, add:

Part 4—Amendments relating to matters that may be included in standards

186 After paragraph 9(1)(c)

Insert:

- (ca) the prohibition of the sale of food:
- (i) either in all circumstances or in specified circumstances; and
 - (ii) either unconditionally or subject to specified conditions;

187 Paragraph 9(2)(a)

Omit “type”, substitute “class”.

188 After subsection 9(2)

Insert:

- (2A) To avoid doubt, subparagraphs (1)(ca)(i) and (ii) do not, by implication, limit any other paragraph of subsection (1).
- (2B) The matters to which standards, and variations of standards, may relate, are taken always to have included the matter mentioned in paragraph (1)(ca).
- (2C) To avoid doubt, paragraph (2)(a), as in force before the commencement of this subsection, is taken always to have had effect as if the reference in that paragraph to type were a reference to class.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

**WORKPLACE RELATIONS
AMENDMENT (PROHIBITION OF
COMPULSORY UNION FEES) BILL
2001**

Second Reading

Debate resumed from 23 May, on motion by **Mr Abbott**:

That the bill be now read a second time.

Mr BEVIS (Brisbane) (11.31 a.m.)—The *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001* has been introduced by the government in a further effort to undermine and attack the operational effectiveness of Australia’s trade unions and the operation of collective organised labour. The bill seeks to amend the freedom of association provisions in the Workplace Relations Act to prevent the inclusion of provisions in certified agreements which would require the payment of fees for the provision of bargaining services. That is, the government, having taken out of awards a range of entitlements that existed in those awards and having said to the Australian work force and employers of Australia that they should go separately and negotiate agreements, is now saying, ‘You can negotiate an agreement as long as we like what is in it,’ notwithstanding the fact that it may have been adopted in that workplace.

This bill seeks to go beyond the measures of the government's past efforts in stripping back what the commission was allowed to insert into awards. It now seeks to strip from the entitlements of workers and employers the entitlement to decide what they can include in their collective agreements. When the Minister for Employment, Workplace Relations and Small Business introduced this measure, he sought to justify it by making these comments in his second reading speech:

An important characteristic of Australia's reformed workplace relations system is the opportunity it has given for workers, union and non-union alike, to fully participate in the formal processes of the system, particularly in making collective or individual workplace agreements.

What the minister really meant to say, on behalf of the government, was that the opportunity for workers, union and non-union alike, to fully participate in making collective agreements existed only if the government liked what was in the collective agreement. The parliament is now being asked to tell workers, union members and non-union members, and employers that there are certain things they are not allowed to agree on. So not only can they not have them in awards, and not only can the industrial commission not include them in awards if the commission believes that is desirable, but also we are now saying to people in the workplace, 'You cannot make the judgment about whether these things should be included either.'

The government has sought—and no doubt will seek in the course of this debate—to justify this on the basis of other comments that the minister made in his second reading speech, which were a tamer version of outbursts made by his predecessor, the now Minister for Defence, some time last year. I recall a couple of Dorothy Dixers in this parliament when he sought to blackguard the entire trade union movement, as is his wont. On this occasion, the current minister said this in the second reading speech:

The coercive nature of the compulsory fee demand is highlighted by the fact that it is typically

made without the consent of the relevant employee.

The minister—if he understood his act and if his department had given him advice—would know that that is not true. We are talking here about collective agreements which are required by the minister's own act of parliament to be endorsed by a majority of the work force. Let me quote to the House section 170LR(1) of the Workplace Relations Act 1996:

The agreement must be approved by a valid majority of the persons employed at the time whose employment will be subject to the agreement.

This is the Howard government's law. It requires a vote in the workplace of all workers, whether they are in a union or not. They all have to vote. If they are going to be affected by the agreement, they must vote on whether or not they want it. We have a situation where, if a clause is proposed to be inserted into one of these agreements, the workers have the full agreement put to them—whether they are in a union or not, they are entitled to know what is in the agreement; they are entitled to vote—and if a valid majority vote for the agreement with that clause in it the government is now saying that they have no right to do that.

What really annoys me is that, whilst that is clearly the law—this government's law—the government comes into this parliament and pretends, as the minister did in his second reading speech, that it was a compulsory fee which the worker concerned had no opportunity to consent to. That is untrue. That is a lie. It is not the case that workers are going to have anything imposed upon them that they did not prior to that have an opportunity to make a determination about. The government's own legislation guarantees all workers, union and non-union alike, a vote on whether or not those clauses should be in the agreement and whether or not that agreement should be adopted. That is the fact.

So what we have here is not a protection of some group of workers or an individual worker from having things they have no say in imposed upon them, but a view that, not-

withstanding the democratic process that this government put in place, notwithstanding the operation of the act as it now stands, notwithstanding the democratic vote in the workplace, they should still not be able to include that. Why? Because this government has an ideological obsession about unions. It has, since it was first elected, done everything it can to undermine the role and the authority of the trade union movement in Australia. I might say that it has not been alone in that. This government has attacked a whole range of community groups. It has even attacked its own Industrial Relations Commission and its own courts. So the trade union movement need not feel too lonely being on the receiving end of divisive and aggressive attacks from this government. But here we have a very clear example where the government is seeking to undermine the very principles that it says underpin its legislation, and for a very obvious reason.

This point was understood by the Democrats when this matter was first raised. I want to quote to the House a press release issued by Senator Andrew Murray of the Democrats, who is their spokesperson on these matters. He said:

The fee can only be charged if the majority of employees in the workplace vote it into the enterprise agreement itself.

He understood that point—of course he did. I assume that the minister understands that point. I cannot be confident about that but I assume the minister understood that is what his legislation did, which makes you wonder why he would say the things to the parliament that he did in his second reading speech, because clearly that does not reflect the legislation. But Andrew Murray understood that in his press release of 13 February. He went on and said:

That is appropriate as the workers in a workplace who are paying union fees should not be carrying those who do not.

Senator Murray said:

Unions would need to be accountable to both union and non-union members for their performance. That accountability exists through the workers voting to approve the agreement.

He went on to say:

... But I would want to ensure that the union was fully consulting union and non-union members in all stages of negotiation leading up to such an agreement.

And fair enough. So Senator Murray understood that what I have just said is the case and he understood that what the minister has said is false. The principle at stake here is whether or not, in a situation where a union negotiates a collective agreement which includes in it benefits for all of the work force, those people who gain by that agreement should make some contribution to the costs involved in securing that agreement. That principle is fair enough, I would have thought. It is a principle this government and indeed the community apply in a whole range of other areas. We have often heard the government talk about user pays. We have often heard the government talk about mutual obligation. Let me give you a few quotes from the Minister for Employment, Workplace Relations and Small Business, Tony Abbott, who is at the table. He said:

The HECS system is a good system. It is a good system because it combines in a rather ingenious way elements of user pays with social equity.

What the minister was saying was that people who benefit from the system make a contribution to the system. The minister thought that was a very good thing to do with university students. He just does not like doing it when the beneficiary of the system is a trade union. Let me quote the comments of the Prime Minister. He said:

We've respected and introduced the principle of mutual obligation. A principle that says that a humane society has an obligation to look after the disadvantaged and those who can't look after themselves but it also has a right to say to people who get the help of others that if you are able to do so you should put something back to your community in return.

A fine principle, Prime Minister. I just want to read that again:

... that if you are able to do so you should put something back to your community in return.

That is exactly the principle at stake here which the government wants to remove from the workplace—that is, a worker gets the

benefit. They are able to make a contribution in return for that benefit and, as the Prime Minister said, if that is their situation, they should do so. Well, of course they should. The Prime Minister says that is a good thing when he is talking about unemployed people but, when it comes to trade unions and workers, of course he has a very different standard—a double standard. Let me quote again from the Prime Minister. In March this year he said:

And when I talk about mutual obligation I don't only talk about the people who are on unemployment benefits, if they're able to do so, to do some work in return, I also talk about corporates who've done very well out of a strong economy to contribute something back to help their fellow Australians.

So the Prime Minister extends this principle from the unemployed to others such as the corporate world. They gain benefits from the society in which they prosper; they should put something back into it—a fine principle, Prime Minister. Why don't you apply it here? Again, in November last year, the minister at the table said:

The third point I'd make is that policies and principles such as mutual obligation again accord with traditional Christian teaching that for every right there's got to be a corresponding responsibility.

You might recall that comment, Minister. I would be interested to know why the minister at the table thinks that there should be a mutual obligation and that it is an important Christian ethic when applied in other areas of government activity, particularly when it involves the government helping others such as the unemployed or the homeless—it is a good principle to apply there, because it means the government does not have to put its hand in its pocket as far; that is a good principle the minister likes—but not when it is applied in a workplace to say to the worker who is going to gain increased pay, conditions and protection of a union negotiated agreement, that they have an obligation to make a contribution to that union. Why? Because it is a union. That is the reason—because it is a union.

Explain to me, Minister, and explain to the House why it is that those principles you espoused on a number of occasions in those other areas of policy have no relevance to the bill before the House. They clearly do. Not to be outdone, I should quote the former minister for workplace relations. He is, after all, a favourite of ours. Mr Reith said this:

... if you are to continue to receive a benefit, then you should perhaps be doing something in return for that, so that's the principle of mutual obligation ... But the basic principle that I have advanced there is that after a certain period if you are paying somebody an unemployment benefit then they should be providing something in return ...

Again, we have another senior minister happy to say that mutual obligation exists only when it benefits this government, only when the people who have to make a contribution are those in less well-off circumstances.

The principle is fine. It should be applied evenly. It should be applied fairly. But this government has myopic vision when it comes to industrial relations; it has the blinkers on. You cannot have a sensible conversation with this government in which references are made to trade unions, because you get the pavlovian dog response: it salivates and goes for it. It cannot help itself when there is reference to trade unions. Here we see that again. Here we have a situation where it is clearly a case of mutual obligation. If you like, it is a case of user pays, but it is not even applied to everybody. So there are two fundamental principles here that this bill seeks to undermine. The first is the principle of mutual obligation to which I have just been referring. If you are a worker and you get the benefit of the agreement, there is a reasonable obligation on you to make a contribution to the costs of getting that protection, and that is a fair thing; that is mutual obligation. But that is not what actually happens. Unlike the other mutual obligation, which this government imposes across the board as it sees fit, here we are talking about mutual obligation occurring only where those workers themselves vote for it to occur. A union may in fact want non-union mem-

bers to pay it a fee for the work it has done in securing them better benefits, but it cannot get it. It may want it as much as it likes, but it cannot get it under the current arrangements. It can only get it if a majority of the workers in that workplace—union and non-union unlike—vote for it.

The government are fond of telling us how union membership has declined to around 20 per cent, depending on which figures you look at—say, 20 per cent in the private sector. So we are talking here, if you take the typical workplace, where only 20 per cent of the workers may be in a union. Yet a majority of the workers—that includes a hell of a lot of people who are not in the union—accept their obligation that I have just been referring to and vote for an agreement that includes in it a requirement that they make a payment for the services that have been provided in securing that agreement. That means that non-union members in just about all of these workplaces are going to have to vote for this. If the non-union members do not want it, it will not be carried in most workplaces.

The government cannot have it both ways. On the one hand they cannot say that we have all these union heavies out there dominating workplaces, resulting in majority votes in favour of these fees, and then, on the other hand, immediately say that union membership has declined to the point where it is pretty insignificant, it has been sidelined and there is less than 20 per cent of the private sector work force in a union. The statistics tell us that there is about 20 per cent of the private sector work force in a union, so apply that to this situation. The mathematics of it are clear. A whole lot of non-union members have got to vote in favour of imposing this payment on themselves and on their fellow workers; otherwise it does not get paid.

So, under the provisions of this government's act, the two principles are, firstly, that there must be the mutual obligation established and, secondly, that people freely have to vote for it. So I do not want to hear during this debate the minister or any government

members talk about any fees being imposed on anyone. Nothing has been imposed on workers to make payments for bargaining fees. The workers are required to vote for it themselves. If they vote for it themselves, including a very substantial number of non-union members, what makes the government think it should intervene and tell those workers that they are not allowed to strike such an agreement, that they are not allowed to accept that mutual obligation that this government is so fond of quoting?

There are some interesting parallels that could be drawn in the work force when it comes to payment of fees. This parliament is pretty overpopulated with lawyers. The legal profession is an interesting profession when it comes to payment of fees. It is not the only profession which requires people to make payments of fees in order for them to be able to practise a livelihood, but it is a pretty good one to start with, and one in which the government is well represented. Let me go through the list. These people I am about to mention have all practised in the legal profession and have all been required to make a payment. They had no vote about this. Unlike the workers who vote to make a payment to the union, these people had no choice. If they wanted to work, they had to pay the fee to the professional body. I refer to the Prime Minister, John Howard, who was a lawyer and had to make a compulsory payment in order for him to be able to practise; the Treasurer, Peter Costello; the Minister for the Environment and Heritage, Robert Hill; the Minister for Communications, Information Technology and the Arts, Richard Alston; the Minister for Defence, Peter Reith; the Minister for Finance and Administration, John Fahey; the Minister for Education, Training and Youth Affairs, David Kemp—although I am not sure that he actually practised, but he does have an LLB, so I may stand to be corrected there; the Minister for Industry, Science and Resources, Nick Minchin; the Attorney-General, Daryl Williams; the Minister for Immigration and Multicultural Affairs, Philip Ruddock; the Minister for Family and Community Services, Amanda Vanstone; and the Minister for

Employment, Workplace Relations and Small Business, Tony Abbott, the minister at the table; again, I am not sure if he has practised, but he has an LLB. He shakes his head, so he obviously has the piece of paper but did not practise. There is also the Minister for Regional Services, Territories and Local Government, Ian Macdonald; the Minister for Financial Services and Regulation, Joe Hockey; the Minister for the Arts and the Centenary of Federation, Peter McGauran; the Minister for Aged Care, Bronwyn Bishop; the Special Minister of State, Eric Abetz; and the Minister for Sport and Tourism, Jackie Kelly. She practised in the Defence Force, so I am not sure whether she had to make the payment; she may be exempt from this. There is also the Minister for Justice and Customs, Chris Ellison, and the Parliamentary Secretary to the Minister for Finance and Administration, Peter Slipper.

All of these people are lawyers. They cannot work in their profession unless they make a payment to their professional body. They have no vote about whether they want to make that payment. They have no choice. The government, the law of the land, determines that they receive certain privileges, that certain standards are to be met and that they must make a payment, whether they like it or not. Contrast that with the workers. The workers do have a choice about whether they make a payment. They have a vote in their workplace and every worker is entitled to exactly the same say. How more democratic could that process be? All of these people who think that workers should be able to skate through on the backs of others, get the benefit of other people's contribution and make no payment for it themselves, have no qualms about forking out dough in order for them to practise their trade.

Of course, they are not the only ones. There are doctors—medical practitioners—in the parliament on the government benches. They are not required to be in the AMA, although it is a pretty strong union, you have got to say—as the Minister for Health and Aged Care is currently finding out. Not strong enough for some: I notice the surgeons do not think the AMA is quite up to

the task for them, so they have set up their own organisation. I love the acronym, the SAS—every time I read that my old defence days come back to me and I think of the Special Air Service; but, of course, that is not the Special Air Service Regiment, although I suspect they might market themselves among surgeons as being a bit like that. They are the Society of Australian Surgeons. So we have got the SAS out there chasing the minister for health because they think the AMA is not up to it. As for the rest of doctors, they do not have to be in the AMA, though it is a pretty tight union, but they do have to be in the royal colleges if they want to practise their trade as a medical practitioner. I could go through other professions where the same sorts of restrictions apply.

The government has no qualms about those compulsory fees—none at all. And I am not suggesting it should have. What I am doing is highlighting the double standards which are applied whenever reference is made to trade unions. The reason the government has brought this here is that the courts have found that these agreements are lawful, much to the chagrin of the government. There is a case on foot that is under appeal. My advice to the government is to withdraw this bill, have a look at what goes on in the courts and see whether or not the appeal succeeds. But, no, in typical fashion this government has taken the view that it does not want the normal processes of the courts and the law to unfold; it wants to tread over the normal processes, halfway through as they are, and proceed with this bill in parliament. I make it clear that we will be opposing this bill and we will be opposing the second reading. And I think it is plain from Senator Murray's press release—part of which I have read during this debate—that the Democrats have a similar view.

The government are wrong on this. They will seek to build a political argument about workers being set upon. They will try and put the political spin on this that workers are going to be forced to pay money to unions that they do not want to pay. They will repeat the things that are untrue that the minister

said in his second reading speech, that people will be required—coerced, he said—to make compulsory fee payments without the consent of the relevant employee. Either he does not understand his own act or he is not telling the truth knowingly. It is one or the other, and I am quite happy for him to explain which it is. It is clear that the current act prevents a situation that the minister described occurring. There has to be a vote of those workers.

If mutual obligation means anything in the Australian community, it means that, if you gain a benefit from other people's work and you are able to make a contribution to the effort of those other people's work, you should do so. That is what various ministers have said in relation to a range of social security payments. The same principles apply here. Workers in a workplace who gain the benefits of higher wages, better employment, better working conditions and more secure employment have a moral obligation to make a contribution to the efforts that produced that outcome. Clearly, in a work force situation, they are able to do that. Where you have a mechanism that guarantees them a free vote to decide whether or not that should apply, I find it hard to understand how anyone can take objection to it. The government certainly does not object to it when the levy is being imposed upon professional groups.

The government is clearly going down the wrong path here. It is a bill that is going to be doomed in this parliament. I do not think there is much doubt about its fate. The government will want to play the politics of it, along the lines I just mentioned, as much as they can. They should do so knowing that the statements of the kind I suspect they will make are lies; they should do so knowing that the legislation in place now protects workers against the things they claim are happening. But that, I guess, is to be expected a few months out from an election in which the government are in desperate straits. I do not for one minute think that telling lies of that kind will either enhance their standing or convince anyone in the workplace because the people in the workplace actually go to those meetings and they

vote. They know it is not true. So as a political tactic, it, too, like this bill, is doomed. We will oppose the second reading and we will divide on it.

Mr HARDGRAVE (Moreton) (11.58 a.m.)—I am very pleased to rise to support the **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001** and also to follow on from my electoral neighbour, the member for Brisbane. He has painted a very pleasant picture of very friendly atmospheres of union conduct in every workplace around Australia, where every person, whether or not they are a union member, is afforded an opportunity to pleasantly discuss matters and to make a decision in a democratic environment. And that of course we know is not true. It is a simple matter of fact that, until the union movement in Australia has the courage of the stated convictions of the member for Brisbane to allow Australian workers a secret ballot in which things are conducted in a proper and formal way, in which all members of a particular workplace are afforded the opportunity in the privacy of a ballot box to mark a piece of paper on a proposition, and there is no coercion, no standover tactics, no verbalising, no abuse and none of the difficulty we all hear is inflicted upon honest Australian workers who are part of unions in workplaces all around this country, the aspirations painted with such syrupy affection by the member for Brisbane simply will never be realised in the Australian workplace.

What the government is doing here is simply trying to enforce the right of people who are employed and who have a contract by arrangement, agreeing to be part of somebody's work force, to get on with the job and not to feel as though they have to make some compulsory contribution to a union which does nothing for them. The fact is very clear—even the member for Brisbane has conceded it—that 80 per cent of workers in Australia see no point in being part of the union because the union has done nothing for them.

The member for Brisbane has also painted the picture that unions themselves have pro-

vided the range of benefits that are enjoyed in employment contracts. We all know that in the real world—outside the Trades Hall world—workers make arrangements directly with their employer and they agree to certain conditions. There are minimum standards that are set—not by the unions but by the Industrial Relations Commission. Every worker in Australia, through the taxation system, makes a contribution to the maintenance of that system. If you want to take the philosophy and the theory that was espoused by the member for Brisbane to its absolute, workers every week pay tax, making a contribution to the minimum standards that are set—not by joining a union by compulsion but by paying taxes, which of course help to run the Industrial Relations Commission.

In fact, non-union workers do union workers a huge favour, because non-union workers do not seek to negotiate certain conditions that are below those of union workers. In other words, we end up with a circumstance where non-union workers agree to terms and conditions similar to, or more expensive than, those of union workers. They do not undercut them. If we had the situation that the member for Brisbane was describing where non-union workers—and he did not use the four-letter word 'scab' but that was the concept he was trying to put forward—were really impacting upon union workers, they would be trying to undercut them and bid them out of a job in a competitive marketplace. We know that that does not happen, because all people in the paid work force contribute towards the maintenance of basic standards through the Industrial Relations Commission. That is a position that this government has always supported and this government, through all of its various efforts in trying to liberate this compulsion fixation that those opposite have about union membership, will continue to support—that is, the right of people to organise themselves and become part of a union balanced with the right of people to disassociate. I do not see anything fundamentally incorrect with that—no-one is sponging off another. It is just that some choose to negotiate through a union and I defend their right to do so. The fact that

others choose to negotiate through other means is, of course, a right I also defend.

But the Australian Labor Party have set again a scenario where, should they win government, we will see the hard hand of compulsory unionism brought down on average workers and the impost of that applied through every small business operating throughout Australia. What a sad set of circumstances that would be as we go into our second century of nationhood. We have had in this past 100 years people fighting for this country under our flag—and long may it fly in its current form—against this sort of despotic concept of compulsion. People have died defending the rights of people in nations far from our shores and near our country as a result of despotic regimes forcing people to be part of them or they are out. We have had people come to this country from those nations—I have such people in my electorate from all parts of South-East Asia, from the Middle East, from Europe and from the horn of Africa—to flee compulsion, to flee a circumstance where they were told that they must be a member of the ruling party or they would get nowhere.

So when you hear those opposite get up and say that you must be a member of a union what they are saying is, 'After the next election, we're going to be the ruling party and we want people to be members of our party.' It is not hard to work out why, because the Australian Labor Party is not just a creature of the union movement but the delegate of the union movement in this place. Given that only 20 per cent of workers are in unions, they represent a significant minority in Australian society. But the hold that the unions have over individual opposition frontbench members in this place and the hold that they have over opposition backbench members is enormous. The opposition's refusal in this debate to rule out compulsion—it has been knocked off by the Labor Party in the Senate before and it will be knocked off by the Labor Party in the Senate again—is a desperate tactic by the Labor Party to try and stop freedom, freedom of association and disassociation, being practised in this country.

It is, of course, indicative of the sort of government that those opposite would deliver to the Australian people if they were to win the next election. The Labor-union nexus is pronounced. I have five million reasons to say this, based on the 1999-2000 level of contribution from 23 unions into the Australian Labor Party coffers. It was \$5 million in that year alone, a non-election year—heaven knows what they will contribute in this an election year. Of the \$22 million that has gone from unions to the Australian Labor Party in the past decade, not one cent has gone to the National Party or to the Liberal Party. That money has gone directly to the Labor Party. On not one occasion has the union hierarchy sought the views of their members—and the member for Brisbane was trying to suggest that there was great democracy practised in Tammany Hall and its various octopus arms out in Australian workplaces—and on not one occasion have we seen a ballot of union members about where that money that is collected as fees should be directed. These are fees which, apparently, the member for Brisbane believes are justified because of the standards workers enjoy, but they are in fact fees directed to one side of politics in this country. It is a side of politics that knows no shame about how they waste taxpayers' money and that clocked up \$96 billion worth of debt by the time they left office—in fact, \$80-odd billion of that in the last five budgets. It is a party that built a building here in Canberra and then rented it out to a government department on a long-term, never-can-get-out-of lease—we all know about Centenary House—yet here we have them taking, and wanting more, fees out of the hands of non-Labor Party voting workers and compulsorily sending them off to the Labor Party.

That is really what their opposition is about. It is about ensuring that they have a greater cash flow next year. It is about ensuring that workers, regardless of their political viewpoints, have no say at all about the money that they pay as fees being sent off to the Australian Labor Party. It is worth putting on the record the 10 largest union contributions to the Labor Party in 1999-

2000. Topping it is the shoppies union, Queensland Senator John Hogg's union, which put in \$732,713.05.

Mr Slipper—How much?

Mr HARDGRAVE—\$732,713.05, Parliamentary Secretary. The Metal Workers Union—which wants to stop CHOGM, which will be held in Brisbane in October, which wants, at the Labor Party's behest, to create all sorts of turmoil to stop the Commonwealth Heads of Government Meeting taking place and assisting Third World countries within the Commonwealth with their debt problems and their poverty problems—contributed \$680,771. That is what they put in to the Australian Labor Party. The AWU, Australian Workers Union, contributed \$653,285.52. Is it any wonder those opposite spent so much time last year trying to stop proper debate about how the AWU was rorting the electoral process in Queensland? Is it any wonder, because \$683,000 worth of contributions in 1999-2000 went to the Labor Party? Countless members in this place—the member for Lilley, the member for Rankin, the member for Griffith and Senator Ludwig—are beholden to that organisation. The plumbers' union, CEPU, contributed \$628,149. The Liquor, Hospitality and Miscellaneous Workers Union, which has 11 members in this place, contributed \$456,000. The CFMEU contributed \$402,000. The Transport Workers Union contributed \$376,000. The ASU, Australian Services Union, which has 14 members in this place—

Mr Slipper—14?

Mr HARDGRAVE—14. The ASU contributed \$258,310. The Health and Research Employees Association of New South Wales fleeced their membership and sent dues to the Labor Party of \$234,806. The National Union of Workers, the NUW, contributed \$201,625.90. Not one donation to the Liberal Party, not one donation to the National Party, but plenty of donations to the Australian Labor Party, and plenty of influence in the Australian Labor Party, of course.

What we have here, again, is a speech from the delegate from the QTU, Queensland

Teachers Union—the member for Brisbane’s union—about why we need to have compulsory acquisition of workers’ money to prop up the union movement so it then finds its way through the well-established chain into the coffers of the Australian Labor Party. Why not? After all, it is all about the Labor Party paying for their election using workers’ money to do so, despite whether or not the workers actually vote for the Labor Party and in fact support the Labor Party.

Let me tell you about the Queensland Teachers Union, because it is worth noting some of the other priorities of the Queensland Teachers Union as an organisation. Earlier this year it was exposed that they spent \$10,000 of their hard-earned workers’ dues, taken from teachers across Queensland, to prop up the defence fund of a man who was the richest man in the Queensland parliament until he resigned as a result of accusations of paedophilia, Bill D’Arcy. The former member for Woodridge is long gone from the Queensland parliament—he is in jail; he was found guilty of that—but the Queensland Teachers Union decided that a priority expenditure for them was to give 10 grand to the Bill D’Arcy defence fund. Their bond to the Labor Party, their loyalty to Labor Party members, knows no bounds, and you can bet your bottom dollar that that loyalty is demanded back, and some.

The problem is that if the Labor Party win the next election we will have operating at the federal level the same thing we have operating at various state government levels, and that is a Labor Party minister who does what the union of that portfolio sector wants them to do—not what is good for the community, not what is good for the majority of Australians, not what is good for all but what the union wants them to do. I know that it is a cash for comment system that is operating across the Australian Labor Party.

Mr Slipper—Government by the union, of the union, for the union.

Mr HARDGRAVE—It is government by the union, of the union, for the union. As we have already heard, even from the member for Brisbane, a significant minority of Aus-

tralian only are serviced by that approach. On this side we are attempting to govern for all Australians. We are attempting to get it right for all Australians. But on that side their first priority, because of the cash for comment concept that the Australian Labor Party operates under, is by the unions, of the unions, for the unions; the parliamentary secretary is quite right.

What we have operating in Queensland currently is the Queensland Teachers Union being happy to use children as young as five to deliver partisan propaganda home to mums and dads to support the Australian Labor Party on the dishonest campaign they are conducting about Commonwealth education funding. Commonwealth education funding is at record levels into Queensland: \$416 million. The Queensland Teachers Union are letting off the Queensland government scot-free and not complaining about the Queensland government not meeting dollar for dollar the level of increase that this government has achieved. The Queensland Teachers Union say absolutely nothing about state cuts in funding. The Queensland Teachers Union pick on the Commonwealth for partisan reasons—and what we are going to see of course is more of this if the Labor Party are elected at the federal level.

We have the Minister for Education in Queensland, Anna Bligh, attending the Queensland Teachers Union conference the other day, attacking the federal government, backing the union’s attempts in newspaper and radio advertisements, spreading untruths at the expense of average workers in the teaching sector, suggesting that the union mount an attack on the member for Herbert, the member for McPherson and me and adding up union dollars into a Labor Party partisan campaign. The Queensland Teachers Union did not put any pressure on Anna Bligh over her failure to put more money into education to match the dollar for dollar increases that the Commonwealth has provided to the sector.

What we have here is Minister Bligh plotting her own mutiny on this education bounty—the bounty of the GST that has

gone to state governments to prop up additional expenditure for schools, police and so forth—by trying to lever more students out of state schools in Queensland. On 4BC in Brisbane yesterday morning she forecast that more and more non-government schools would get more and more money from the Commonwealth. The only way they can do that is if more and more students leave the state system.

So we have the Queensland minister in bed with the QTU and not having any criticism levelled at the fact that she knows that people are leaving the state school system to go into the private school system and is doing nothing about it. We have the union doing nothing about it and we have the minister doing nothing about it, and what we are seeing now is just how tied the Australian Labor Party would be to the union movement—should they happen to actually fall across the line and win at the next federal election.

I support the right of individual workers to join a trade union of their choice. I have never walked away from that. What I challenge those opposite to do is to prove to me that unions can rise to the challenges that are evidenced by the fact that only one in five workers actually bother to join a union—and not by compulsorily demanding that workers pay fees but making unions must-join organisations. If unions spent more of their time trying to get out of the way of government initiatives to decrease unemployment—like if the Labor Party were to pass the unfair dismissal laws to free up that particular part of our economy so that small business could hire more people—and if the trade union movement delegates in this place would get out of our way, we would have more people in jobs. That would be good for the union movement. There would be more chances for them to prove to workers that they are a relevant organisation.

But instead what we see is a lazy approach of demanding compulsion, a lazy approach of coercion and a lazy approach that does not say, 'We have to earn your membership.' It is just a lazy approach that says, 'We demand your membership.' Labor in opposition have

shown in this place the style of government that they would deliver if they were elected—a style of government that does not trust average people to make these decisions and is full of coercion and compulsion. (*Time expired*)

Mr HOLLIS (Throsby) (12.18 p.m.)—We have just heard the typical song of hate as those opposite spew out their hatred of the trade union movement. You hear the same speeches all the time—they spew them out every time. I note from the list that there are four more speakers on the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#). I do not know why they bother, because they are all going to say exactly the same thing as they demonstrate their hatred of the trade union movement.

The honourable member for Moreton agonised about why the trade union movement did not make a contribution to the Liberal and National parties. Talk about funding your own demise! They know what you crowd deliver to them every time you are in power. Why should they; why would they? As a card carrying member of a trade union, I would be outraged and I would even think of resigning from my trade union if I thought one cent of trade union funding was going to the Liberal Party and—God help us—the National Party.

The honourable member for Moreton, as those on the other side do, trotted out the litany about the various contributions of unions to election funds. They are very, very selective: we never hear about donations from G.J. Coles and we never hear what HIH Insurance put into the Liberal funds, or even about individual donations. I do not know but maybe a shonky nursing home proprietor may have made a donation. We never hear any of this. All we hear about is the contribution that the trade union movement has made. As a card carrying member of a union, I have no difficulty with the unions making a contribution. In fact, I would be a little bit surprised if they did not.

The other point we should realise is that those on the other side say the mantra all the

time about the declining membership of trade unions and about how many workers are in a trade union and how many are not. Let me tell you one thing, Madam Deputy Speaker, and you probably get this in your office, and I certainly get it in mine: people come to me all the time about deals that have been done against them, about pay that they have not received or about how they have been kicked out of their work without their entitlements—and I have had some of those business collapses in my area. The first thing I always say to them is, 'What does your union say?' They say, 'I'm not in a union; I wasn't allowed to join a union.' When the member for Moreton talks about compulsory unionism, what about those firms where there is compulsory non-unionism—where people are forbidden to join the trade union movement?

The tragedy is that people never realise how important the trade union movement is to them until they actually need it. Then, in so many cases, it is too late. But in the area that I represent—the South Coast of New South Wales—the South Coast Labor Council usually takes those cases on. I have had literally hundreds of people come to me complaining about what has happened in the work force and how they have been disadvantaged, and they have not been a member of the trade union movement. The trade union movement is there to protect workers' rights and get them better conditions. You hear the honourable member for Moreton saying that the member for Brisbane was talking about this wonderful world of kind trade unions. I tell you what: the bosses are not terribly understanding or sympathetic either!

There has been no advance in working conditions or pay conditions in this country over the past 100 years unless it has been fought for, tooth and nail, by the trade union movement. Of course those who are not members of the trade union movement always put their grubby hands out when those who are in the trade union movement have done the hard yards and have got those conditions for them. So let us have a little even-handedness here. I would be the last to say

that everything in the trade union movement is wonderful. Of course it is not. It is a collection of individuals and groups, and I might not always necessarily agree with some of the attitudes, but as a member of a trade union—and I always have been one—I am proud of what the trade union movement has achieved and will continue to achieve. This society would be much worse off if it did not have the trade union movement.

The [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#) seeks to amend the freedom of association provisions in the existing Workplace Relations Act, preventing the inclusion of provisions in certified agreements requiring payment of fees for the provision of bargaining services. That is great, isn't it! There is a certain amount of hypocrisy there, I would suggest. All the high-sounding rhetoric in what we have heard from the member for Moreton and in what we are going to hear from the other government speakers and in what we hear from this government all the time about freedom of choice and freedom of association does not disguise the fact that this bill represents yet another attack on the trade union movement. Why, I wonder, do those opposite so hate the trade union movement? What is it in their psyche that they so hate the trade union movement?

This bill is a response to a resolution of the June 2000 ACTU Conference—which, incidentally, was held in Wollongong—supporting the policy of trade unions including, in certified agreements, clauses requiring a payment by non-union members that are the subject of such agreements. The policy basis for the resolution is simple enough: cost recovery—and don't we hear about that from the other side—for the time and resources expended by trade unions in negotiating agreements that flow to all workers. I honestly cannot understand why the government is so perplexed by the ACTU resolution that it has had to introduce this bill, which we will be opposing.

This government certainly never cares too much about imposing cost recovery measures on the community when it so desires.

Yet it acts with shocked outrage and has to introduce this hypocritical bill into the parliament. I have never had an argument with the proposition put up by the ACTU about cost recovery from non-union members for the benefits of agreements reached. I have always taken the view that workers who, for whatever reason, do not wish to join a union—and that is their decision—but are among the first to stick their hand out and get the benefits of better pay and better working conditions won by unions and their members are, as far as I am concerned, freeloaders. If they exercise their democratic right not to be a member of a trade union, they have no right to claim the benefits that are won by a union struggle. It seems quite simple: they do not want to be in the union, okay, but they should not take the benefits that the unions get for them.

Why shouldn't these non-union members—who get increased pay and better working conditions because of industrial action undertaken by their union colleagues or because of the negotiations undertaken with the employer—make a contribution to the union for the time and resources spent obtaining the agreement? If workers get a pay rise and better working conditions because of their union involvement and the direct involvement of their workplace colleagues in negotiations or disputes, what is so terribly unreasonable about those non-union workers making a contribution for those benefits? Why does the government find that to be such a reprehensible policy that it is forced to react and introduce this hypocritical bill?

Usually the government has a partner when we are dealing with an industrial relations matter, but on this occasion the Australian Democrats are not supporting the government's intentions. Indeed, the Australian Democrats have given support to the idea of bargaining fees being collected from non-union members. The Australian Democrats have supported the inclusion of such clauses in certified agreements. The government is out on its own on this bill and does not even carry the usual support in industrial matters of the Australian Democrats in the other

place. We have the Minister for Employment, Workplace Relations and Small Business saying:

There can be no doubt that a compulsory fee demand that is not accompanied by the genuine prior consent of the relevant employee is an affront to that employee's individual rights to freedom of association.

He says further:

The government does not accept that employees should be the subject of such direct and indirect coercion.

These really are desperate arguments from a desperate government. What coercion does the minister refer to? Just what is he talking about? Is he talking about putting vicious, half-starved dogs on the wharves, accompanied by balaclavaed thugs wielding batons, chasing workers out of their place of work in the middle of the night? Is that the sort of industrial relations that those on the other side mean? The minister is getting all upset about a piece of paper, a receipt, being put to the non-union members enjoying the benefits of union members' work and about them being asked to make a contribution for the time, effort and resources put in to get the benefits of increased pay and better conditions. Even the Australian Democrats do not support the minister's version of so-called coercion. On 13 February this year, Senator Murray in the other place said:

The fee can only be charged if the majority of employees in the workplace vote it into the enterprise agreement itself.

One is forced to ask again: what 'coercion' is the government referring to? You have it explained to you in a simple sentence by Senator Murray: workers in a majority vote have to support the charge being included in the certified agreement.

The bill goes even further by attacking again the role and powers of the Australian Industrial Relations Commission. Ever since 1996 the Howard government has been attacking the independence, role and responsibilities of the commission, and we have another attack piled into this bill. This arises because, once again, the commission every so often, in the very limited way it has been

allowed to operate under this government's legislation, shows slight flashes of independence. The minister confirms this in his second reading speech:

In a decision earlier this year, a senior member of the AIRC found that such fees are in fact designed for coercive purposes. It was however concluded that, upon a construction of the current terms of the act, they were not prohibited from inclusion in certified agreements ...

I am actually going to look at this particular decision by the AIRC, because what I have read into the record is in fact the minister's own interpretation of it. But even the minister, in his highly subjective interpretation, confirms that the bargaining charge or fee is not against the law as found by the commission. For making the finding, the commission has also earned a backhander from the government.

I said at the outset that this bill is hypocritical, because the dominant philosophy of the government is cost recovery and user pays. It is a philosophy the Howard government has championed with an unprecedented degree of relish. This is the government that claims it introduced into the Australian community the mutual obligation principle—the concept that, if one benefits from a service provided, there should be a contribution towards the provision of that service. Of course, under the general double standards of the Howard government, mutual obligation only extends so far. We can throttle social security beneficiaries under mutual obligation, but under no circumstances are we to impose a bargaining charge for non-unionist freeloaders. People who cannot find work because of this government's GST can be forced to work for the dole, but heaven help us if we ask non-union freeloaders to contribute a cent towards the better pay and working conditions obtained for them through the work of unions and union members working side by side with them. The minister even went so far as to say that mutual obligation is part of Christian teaching. However, we can never extend it to non-unionist freeloaders in Australian workplaces.

We had the member for Moreton in here earlier talking about the flag: you are really desperate when you have to bring the flag and the role of veterans into a speech. The honourable member for Moreton also told us about the number of people who have come to Australia escaping coercion and tyranny and things like that. I represent one of the most multicultural areas in Australia and I also represent one of the most unionised areas in Australia, and I find that the people who come from the countries talked about by the honourable member for Moreton—people who are often escaping tyranny and looking for a better life—are among the first, when they are in the work force, to join the trade union movement, because they know that only under the protection of the trade union movement are their rights to a decent job and to decent pay guaranteed. I thought the honourable member for Moreton was on extremely shaky ground: the last refuge of a scoundrel is to wrap yourself in a flag, and the honourable member for Moreton should be ashamed of himself, coming in here and trying to attack the trade union movement while wrapped in the flag.

The government's double standards reek with a disgusting smell. The hypocrisy in this bill is really astounding. The government that introduced this bill, complaining about coercion and freedom of association, has coopted, without anyone's consent, every man, woman and child into Liberal Party election advertising in nearly every newspaper, and on nearly every radio and television station. The honourable member for Moreton said that the Labor Party knows no shame by taking donations from the trade union movement for election funding. This crowd has brought shame to new heights by spending \$20 million a month of taxpayers' money—up to \$150 million—on the Liberal-National Party re-election fund. The honourable member for Moreton has the audacity to come into this parliament and talk about shame! All of them in the crowd over there should be hanging their heads in shame.

Mr Martin Ferguson—What about the HIH money too?

Mr HOLLIS—Yes, there was HIH, which made that general contribution to Liberal Party funds, which we did not hear a word about from the honourable member for Moreton, and we will not hear about from the other four speakers. But \$120 million is to be spent on Liberal Party advertising, paid for by the taxpayer, with no consultation either with me as a taxpayer or with anyone else, and certainly with no agreement. The greatest freeloader of all in Australian political history is the Howard Liberal government.

The greatest hypocrisy of all is that the members of the Howard cabinet are subject to compulsory professional association fees. Although I would not call Dr Nelson, the parliamentary secretary at the table, a hypocrite, he is in a professional association and pays a professional fee. You can run along the whole list of the cabinet, and nearly every single minister is forced to pay a compulsory charge to a professional organisation. Most of the Howard ministry are lawyers or barristers, and they all pay a professional fee, as do doctors and others. From the Prime Minister to the Minister for Employment, Workplace Relations and Small Business, they all pay a compulsory fee to the law society. Those who are in the medical profession, as the parliamentary secretary at the table knows, pay union fees to the Australian Medical Association. Even the Minister for Health and Aged Care—who, I suspect, hates that organisation with a passion—is not baulking at paying compulsory fees to it. If the government would introduce a bill which smashed those professional organisations' compulsory fees, I would take this debate a little more seriously. If it is good to try to smash the trade union movement, it is good enough to try to smash the professional organisations that most members of the cabinet belong to. Unfortunately, the government will not, because it is timid and frightened of the law society and of the doctors' union. But it never has any difficulty taking the stick to trade unions, union members and their independent umpire, the AIRC.

I support a charge on non-union freeloaders and absolutely condemn this hypoc-

risy. This government constantly spouts mutual obligation in every way. As I have said, surely this too is a form of mutual obligation: if you are going to take the benefits the trade union movement achieves for you, then it is good enough to be a member of the trade union; if you are not a member of a trade union, you should not take the benefits that a trade union gets for you.

Mrs VALE (Hughes) (12.37 p.m.)—When the *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001* first came to my attention, I asked myself the question, 'Why is it that, in an era so dominated by individual rights, the right to freedom of association in the work force is under so much threat?' I asked myself that question because the enforcement of compulsory fees paid to a union, for whatever reason, is an attack on the right to freedom of association.

On the question of rights, and the right to freedom of association, there is no greater document or authority than the United Nations Universal Declaration of Human Rights. It was completed by the United Nations Commission on Human Rights in June 1948 and adopted, after very few changes, by the General Assembly in December 1948. It was adopted by a unanimous vote—except for eight abstentions, six of them being Soviet bloc countries. One of the champions of this declaration at the United Nations was Dr H. V. Evatt, a former Australian minister for foreign affairs, or external affairs as it was then known. Dr Evatt was a cabinet member of successive Labor governments, and a former Leader of the Opposition in this House.

The declaration of human rights contains 30 articles, and I would like to draw the attention of the House to article 20, clauses (a) and (b). They state, firstly, that everyone has the right to freedom of peaceful assembly and association and, secondly, that no-one may be compelled to belong to an association. That is all they say—just some simple brief words—but they have a lot of meaning. I am sure that members opposite and the trade union movement en bloc would leap to the defence of article 20, clause (a), which

gives everyone the right to freedom of assembly. But when it comes to the second half of article 20, they support a tricky little device to subvert the intention of clause (b). The so-called bargaining fee is a ruse. It is a sneaky way of forcing non-unionists who do not want to be associated with the union's bargaining tactics to pay a bargaining fee for a service they did not ask the unions to perform on their behalf, nor did they want them to do so. Not only that; it is a fee for service that is set by a monopoly. There is no marketplace, and therefore it is open to abuse. Non-union workers are exposed to exploitation, as the amount of some of the proposed bargaining fees clearly reveals. The fee that some of the main unions have been proposing is higher than the membership fee that they charge. It clearly is exploitative, and is no more than a device to impose a fine on workers for not joining a union. In trying to enforce a compulsory fee, the unions wish to completely subvert the intention of article 20 of the UN Universal Declaration of Human Rights. The bargaining fee will compel people to join unions. Those who support compulsory bargaining fees imposed on non-unionists deny a basic human right that is enshrined in the declaration of human rights, and that right belongs to non-unionists as much as anyone else.

It is interesting to stop and consider for a moment one of the driving forces behind the UN Universal Declaration of Human Rights. As I referred to earlier, it was Dr Evatt. He is such an icon figure of the Labor Party that they named the Evatt Foundation after him. But when the comrades in the trade unions began to pull the strings for some unprincipled gain, the members of the Labor Party in this place disown one of the greatest achievements of Dr Evatt—his support for the United Nations and its declaration of human rights. Like graffiti vandals, they want to take a spray can to the Universal Declaration of Human Rights and try to spray over article 20, clause (b), put there as a result of the hard work of one of their secular saints.

The achievement of the declaration of human rights is as significant today as it was

when first adopted by the United Nations 50 years ago. It has been a byword in international affairs since its adoption, and one of the pillars of principle upon which the United Nations stands. The fact is that clauses (a) and (b) of the declaration are the two sides of the one coin. You support them both or you oppose them both.

Dr Evatt was no run-of-the-mill Leader of the Opposition, nor was he a run-of-the-mill lawyer. He was a High Court judge and a federal Attorney-General. He helped to draw up the United Nations Organisation's charter and, in doing so, succeeded in writing into the charter a stronger commitment to full employment than was originally planned. He appointed prominent Australians to the UN commission that drew up the UN Universal Declaration of Human Rights. He would have known, for sure, that, as a matter of principle, if you support clause (a) of the declaration of human rights you must support clause (b). He was a champion of the right to peaceful assembly and association and therefore a champion of the right not to be compelled to belong to an association.

Social progress and better standards of life, as the preamble to the declaration notes, are not achieved by denying rights. Freedom of association is a fundamental right and is not an idea on a shelf that you can walk past, or take down when it suits you. It is an integral part of our law and it was derived from our long history of seeking rights, such as the rights to life, liberty and security of person, freedom from arbitrary arrest, detention, or exile, and a fair and public hearing by an independent and impartial tribunal. It is freedom of thought, conscience and religion, and freedom of peaceful assembly and association. It is part of the historic non-negotiable package.

As I alluded to earlier, when the UN Universal Declaration of Human Rights was adopted in 1948, only Saudi Arabia, apartheid South Africa and the Soviet bloc countries chose to abstain rather than vote for it. At the time, the Soviet Union was under the control of Joseph Stalin. Stalin died decades ago, but unfortunately there still appear to be

some Stalinists around who still believe that the end justifies the means.

Only a few weeks ago in Jakarta there was justifiable outrage when a meeting of the Asia-Pacific Labour Solidarity Conference, a union meeting attended by about 20 Australian supporters of trade unionism, was violently broken up and some of the Indonesian participants were assaulted. The conference appeared to be a peaceful assembly and the participants had a right under the UN declaration, article 20, to associate in that way. We heard a lot then about democratic rights and the freedom of assembly. That is one side of the coin. In the same way, Australians were appalled when the peaceful assembly in Tiananmen Square in Beijing was brutally broken up by the People's Liberation Army. Now, just as people have the right to assemble peacefully, they also have the right not to assemble, or not to associate with a group of other people, if they so choose. That is why the Howard government put into the Workplace Relations Act 1996 provisions to prohibit compulsory unionism. It was fully in accord with the UN Universal Declaration of Human Rights, and yet the trade unions and the Labor Party want to take away that right by backdoor stealth.

The Howard government supports both clauses (a) and (b) of article 20. It believes that workers should be free to join a union, and they should be free not to join a union, whichever they choose. They should not be compelled to join a union, either directly or indirectly. But they will be indirectly compelled to join a union if the alternative means they will have to pay what amounts to a fine in the form of a bargaining fee. It is the freedom of choice to disassociate from a union, and the upholding of article 20, clause (b), of the UN Universal Declaration of Human Rights that is at the heart of this bill.

From the media, I notice allegations by unions that some workers have been pressured into signing Australian workplace agreements. The allegations have been rejected by the Employment Advocate and are being pursued in the courts. Setting aside who is right and who is not, the point is that

workers have a right not to be compelled to associate with Australian workplace agreements if they choose not to be. That is what the law says, and quite rightly so. That is just the same, in principle, as choosing not to be associated with unions. The opposition should be supporting the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#), because once you start to undermine half the rights contained in article 20 you set about the slippery slope of endangering the other half, and nobody wants that either. This bill defends human rights, it defends democracy, it defends the right of conscience and it repels an attack on these fundamental principles. The predators are union controllers, greedy to increase the spoils of office that give them power. They want to do this by getting their hands into the pockets and bank accounts of every employee in the Australian work force.

I have read news reports recently, for example, that members of Qantas's highly unionised work force have a membership fee of \$238 per year but that the Transport Workers Union wants to charge a bargaining service fee of \$400 a year. I understand that membership fees can be much higher than that; they can be in the \$350 range for some unions. In February, according to news reports, the Australian Industrial Relations Commission ruled in favour of a \$500 service fee proposed by the Electrical Trades Union. That is a lot of money for the average Aussie worker, so what is the bottom line? There are about 7.6 million employees in Australia—that is, employees eligible to be in unions if they so choose—of whom 2.5 million choose to be a union member, according to the ACTU web site. That leaves 5.2 million Australian workers who are not union members. If we take from the 2.5 million union members on average union fees of \$250 per head per annum, it would generate \$625 million per year in revenue to the union movement. If the 5.2 million workers who are non-unionised are coerced into paying a \$500 bargaining fee, it will produce revenue of \$2.6 billion. Even \$1 billion is a lot of buying power. With multibillionaire unions

at stake, we can see why human rights are being flushed down the unions' drain.

There is a lot of money at stake here. Just taking Australian workplace agreements and looking at the revenue question, about 10 per cent of the 150,000 agreements already signed have been struck without union involvement. That 10 per cent at \$500 each would generate revenue to the unions worth \$7.5 million. These agreements are being signed at the rate of 5,000 a month, so that would be \$2.5 million a month. That is akin to having your own printing press to print money, except that the money printed will come out of the take-home pay of Australian workers. Australian workers should be aware that, if ever the principle of compulsory bargaining fees were enshrined in practice, they would lead the field in regular and frequent upward adjustments.

The compulsory bargaining fees that the unions and the ALP are trying to entrench are nothing more than compulsory unionism by the back door. They are also a regressive and camouflaged form of taxation imposed by the unions and flowing straight into union coffers. Incredibly, this thinly disguised tax is being proposed by those who cry crocodile tears in this place over the GST and by those who have spent a fortune in union membership fees and in advertising campaigns, crying wolf over the GST and the new tax system. Unions are forced to resort to the device of imposing bargaining fees, because most of the work force does not believe they get value for money from the unions. That is why they do not join unions anymore. For one thing, most of the work force does not like the constellation of minority protest groups upon which the unions spend their money. Most of the work force does not like the way some powerful unions raise money or exercise their power. Industrial action can cost industry heaps, and some businesses give in to industrial intimidation rather than commit commercial suicide.

We have all read of this kind of corruption in some industries, with bribes, secret commissions, standover tactics and gratuitous strikes. I read in the *Financial Review* of 28

May this year that 56 per cent of the complaints from all building workplaces to the Office of the Employment Advocate in the past five years have been on the issue of freedom of association. That is the very issue at stake in this bill and it is an indication of the support in the work force. The *Financial Review* report goes on to say that evidently some union organisers are in regular receipt of builders' bribes of up to \$140,000 a year, and gifts of property. In the *Daily Telegraph* of 26 May, there is another report arising from the Office of the Employment Advocate, saying that sometimes union officials force builders to use contractors nominated by the officials and in some cases these companies are run by ex-union officials. In the light of these reports, is it any wonder that a majority of the work force have a conscientious objection to paying any money to a union, on whatever pretext? Is it any wonder that the membership of unions has declined so steeply in recent years?

Before this government had begun to put its industrial relations reforms in place, union membership had begun to fall from over half to a quarter of the work force. This fall occurred against a background where the work force had increased in size by 800,000 workers since March 1996, with more than 400,000 being in full-time jobs. The answer of the union movement to this problem is to try and make union membership compulsory and enforceable by law. Compulsory union fees, which this bill opposes, is about preventing the unions enforcing their self-appointed right to enforce a monopoly over workplace bargaining. It is about preventing de facto compulsory union membership for every Australian worker.

The principle behind the government's industrial relations policy is employers and employees talking to one another and reaching agreement, rather than employers and union controllers doing deals over long lunches and behind the employees' backs, and ripping off commissions from the workers. It is about giving employees control over their own earnings. Above all, it is about upholding the universal human right that no one should be compelled, either directly or

indirectly, to belong to an association, which in this case is an industrial union. As every Australian knows, this is an election year and I say to every Australian, especially to every Australian worker: be very mindful of the role of the Labor Party in their strong support for this union initiative. This would be a very tricky effective tax upon Australian workers. We all should be in absolutely no doubt that, if Labor found themselves in government, the unions would be granted the power to impose this very tricky tax—otherwise known as a compulsory union fee—upon every Australian worker and that employers all over Australia would also wear the impost of having to collect this tricky union tax. Every Australian should be alarmed at this union initiative and every Australian should be alarmed at Labor's support for this initiative. I support this bill and strongly commend it to the House.

Mr ZAHRA (McMillan) (12.53 p.m.)—In rising to speak on the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#), I say that I do not think that members opposite are in much of a position to talk about tricky taxes. Tricky taxes are a specialty of the Liberal and National parties. When it comes to talking about mandates and people in workplaces being forced to do something which they might not like to do—that is the suggestion from members on the other side—we should put that in context. The context in which people should think about that is the fact that this government did not win 50 per cent of the vote at the last federal election, but they still saw fit to introduce the goods and services tax.

Interestingly, as it stands under the proposal, this bargaining fee, so-called, would be applied only in those situations where it was approved by a valid majority of workers at the workplace. Given that non-union members also get to vote in that decision making, that is not a bad system at all. It is certainly a fairer system than the situation we saw in relation to the goods and services tax, where, with around 49 per cent of the vote—not a clear majority, not a valid majority—this government saw fit to apply its fee, its

goods and services tax, to everyone in this country. We all know how unfair that taxation system has been.

It is nearly one year since the goods and services tax was introduced. What are the results of that in the electorate of McMillan? Unfortunately, the direct result of the goods and services tax has been the closure of the Givoni clothing factory in Moe. As people know, Moe has particularly high unemployment, around 18 per cent, and these 42 people at the Givoni clothing factory have now lost their jobs. Just to make clear the cause and effect, I will quote Mr Brandon Givoni, who is the chief executive officer of the Givoni clothing company. He is reported in the *La Trobe Valley Express* of this week as follows:

According to Givoni chief executive officer Brandon Givoni, the decision for the closure and the reductions was made by management and attributed to the post-GST downturn in apparel sales and the continuing pressure of the trend to source finished garments offshore—

Dr Nelson—Mr Deputy Speaker, on a point of order: whilst all of these issues are indeed relevant, they are not relevant to the bill that is before us.

Mr DEPUTY SPEAKER (Hon. D.G.H. Adams)—The honourable member may be building a case in relation to people being made redundant and company failure, so I will allow him to continue.

Mr ZAHRA—This bill is about workplace relations, and I am talking about workplace relations. There is probably nothing more important in the area of workplace relations than when people lose their jobs. In this case, they are losing their jobs at the Givoni clothing factory in Moe as a result of the GST. That has been made very clear indeed. In fact, Brandon Givoni goes on to say:

The effects of the GST and resultant slower retail sales have had a major adverse effect on our business and others in the sector. A number of businesses, both at a retail and manufacturing level, have basically failed due to these factors.

There is nothing more basic, when you talk about workplace relations, than when people lose their jobs as a result of a plant closure or

a business having to shed staff in a restructure because that business is not doing well. These are the circumstances that we must consider in regard to this legislation.

We must consider this legislation in the context of people in high unemployment areas like the Latrobe Valley fighting hard to hang onto their jobs—to keep what they have got. In that context, you need to have good negotiation, you need to have tough negotiation, so if things go bad you are able to hang onto your entitlements and get some sort of justice out of the workplace relations system. In places like the Latrobe Valley you do not have much choice when you lose your job. You do not have a great many options. This is why in the context of workplace relations we have to make sure that workers are given the opportunity to negotiate with some strength. In the Latrobe Valley we have seen a number of situations emerge where those negotiations which are effective and which protect the rights of workers and provide them with some security are those negotiations which involve unions. That has been our experience.

When a union is out there doing the work on behalf of people who are often very low paid, like those workers who lost their jobs at the Givoni clothing factory, it is not unreasonable for other people who are perhaps not in the union to be expected to pay a small fee. As I mentioned before, these people will only be expected to pay this fee when it is approved by a valid majority of workers at the workplace, as approved by the Australian Industrial Relation Commission, and union and non-union members get to have a vote in making that decision. I do not think it is an unreasonable request at all. In the type of electorate and district that I represent, we understand the importance of having a strong negotiating position when you are a worker in some companies. It has been our experience that there are some companies out there now who are prepared to do everything they can to take away workers' entitlements and job security and the conditions for which they have fought so hard for many years to get in the first place. We know how important that is.

We have the case of G & K O'Connor in Pakenham, where we have seen barbaric behaviour by the company in its approach to its work force. It locked out its work force for more than nine months—the longest lockout in Australian history since the Depression. This is the type of industrial relations context that we are seeing more and more of under the industrial relations legislation introduced by this government. It is lowest common denominator stuff, and in that type of environment you need to have good workplace representation. You need to have people on your side. So when the likes of G & K O'Connor meatworks employ all of their thugs, all of their lawyers, all of the resources of the department of workplace relations and all of their effort to try to casualise the work force to try to take away people's hard-won rights and conditions, then you have something to fight back with; you are not on your own. You are not by yourself.

Mr Deputy Speaker, you know yourself—probably better than most people in this chamber—how hard it is in those meatworks. It is a tough place, a tough industry, and you have to have decent conditions because things can go awry very quickly—you lose a finger, you lose a hand, you get yourself a disease; you get any of those things that are associated with that tough industry. There is a risk, quite often, of suffering an injury in those workplaces.

Thankfully in most workplaces in the meat industry there have been enormous steps forward over the past five, 10 and 15 years in improving occupational health and safety. But that does not mean that we need to become complacent, or we need to assume that that has been attributed to progress. It is not progress; it is agitation, organisation and collective action being taken by the workers in those workplaces. That is what has led to that progress. We need to make sure that workers in these types of environments continue to have a strong voice, continue to be in a strong bargaining position when it comes to dealing with the likes of G & K O'Connor.

These people have involved themselves in thuggish acts. There was a substantial program on the *Sunday* program on Channel 9 a couple of months ago in which we saw substantial allegations made against this company and its use of hired thugs to try to intimidate and stand over people to try to create situations where people would either resign from the workplace or be sacked after being encouraged to involve themselves in illegal activity. It really is amazing to imagine that we have a company like G & K O'Connor involving itself in those types of operations. But we do, and that is the point. This is why we need to have strong unions in these workplaces, strong workplace representation, so that people in these circumstances can have a strong voice and stand against the type of behaviour that the likes of G & K O'Connor are involved in right now.

It is worth noting that this is not just my view. Justice Spender of the Federal Court when this matter was before him referred to the antics of G & K O'Connor as a 'baseball bat lockout', and being 'like Pinkertons Incorporated'. For those of us with a bit of an understanding of industrial relations, we know what that means. Pinkertons are, of course, that notorious American union-busting, thuggish company which was involved in a number of murders in the United States, a number of vicious attacks on unionists and a number of illegal activities in pursuing the objective of destroying collective organisation of the work force over there. Justice Spender is not a stupid man. He understands exactly what he was describing and, in making that comment he made very, very plain what he thought about the behaviour of the likes of G & K O'Connor.

So this is the environment that the federal government has created when it comes to industrial relations. It is lowest common denominator stuff. Their approach has been to strengthen the hands of thuggish employers like G & K O'Connor and, through this legislation, they want to weaken the hands of employees. They want to weaken the hands of workers by taking away the workers' ability to collectively organise to stand against

that sort of behaviour. It would be laughable if it was not serious just how naked the objectives of this government are. It is a horrible sight and it is really something that is as transparent as anything can be in the federal parliament.

So this is the context that we are in. We have a federal government that wants to strengthen the arm of the likes of G & K O'Connor and its behaviour—its use of the lockout, its use of people basically involved in illegal operations to try to entrap workers and to get them sacked. We know that this is the environment that we live in. The workers at Givoni, who are in a high-unemployment area in Moe, who have lost their jobs understand the value of good organisation as well in the workplace. They understand the virtue of having someone in their corner when things do not go right. Those people are concerned about their entitlements—just like a lot of people, unfortunately.

This is something that seems to characterise the textile, clothing and footwear sector more than any other industry. When companies go under in the textile, clothing and footwear sector, all too often it means that workers who have worked there and toiled and struggled and made sacrifices for the company do not get their proper entitlements. I certainly hope that the company, Givoni, does right by its work force. These people have worked hard for this company and they deserve their full entitlements. For my own part, I will not accept anything less than full entitlements for these people at Givoni, who have worked so hard over so many years for that company. That is my expectation, that is the expectation of the workers and that is the expectation of the union. We would expect Givoni to meet in full its obligations to those 42 workers there, because they do not have much in the way of choice when it comes to finding another job.

In relation to this legislation more specifically, it presents itself as just one more part of the anti-worker agenda of this government—one more part of the activities that this federal government has involved itself in to try to weaken the position of workers in

their negotiations with employers. Unfortunately, whilst so many of us are looking to government for leadership in industrial relations, this government has provided only partisanship. They have provided no opportunity for workers and employers to come together to effect workplace agreements, to provide for negotiation in a sensible and reasonable way that meets workers' objectives in terms of job security and wages and conditions at the same time as meeting employers' wants in terms of productivity improvements and steps forward in terms of workplace flexibility. The federal government has provided no leadership at all in achieving these objectives. It has involved itself as a partisan player in the industrial relations context, which is not what the Australian people want.

What the Australian people want is for the federal government to encourage discussions and negotiations in good faith. We want to see bargaining in good faith. We do not want to see people move away from the negotiating table and move into the courts of this country and resolve their problems by using industrial relations legislation. We want to see people sit around the table, discuss what can be achieved in terms of meeting workers' objectives and discuss what can be achieved in meeting the company's objectives as well. This is what the Australian people are crying out for. What they get is shocking partisanship. We have some very good examples in my electorate in the Latrobe Valley of two very different approaches of a company's negotiations with its work force. In the case of Yallourn Energy, it has been involved now in a protracted industrial dispute for getting on to two years. It is now in compulsory arbitration. That dispute involved a threatened lockout by that company. It also involved power shortages in the state of Victoria and really did enormous damage to the industrial reputation of the Latrobe Valley.

By comparison, just 15 minutes up the road from Yallourn Energy at the Hazelwood Power plant, they have been able to secure a new enterprise bargaining agreement in nine weeks. New CEO Ken Teasdale and the peo-

ple from the single bargaining unit sat down around the table and talked about the company's objectives and what the workers wanted to see in the EB, and they came to an agreement in nine weeks. There were no lock-outs, no threats of lock-outs, no antagonism, no hostility, no industrial action and, importantly for the state of Victoria, no power blackouts. A good outcome was achieved at Hazelwood Power.

At Yallourn Energy we have seen two years of industrial disputation, two years of hostility and two years of eroding goodwill between workers and the people who manage that company. What has it achieved? Nothing. The losses to the company have been enormous, the workers feel awful about the circumstances and morale is at an all-time low—and all this because the company was determined to get 100 per cent of its agenda. The company wanted to have it all its way. Up the road, Hazelwood Power was prepared to have a negotiation and achieve a good outcome for the company and for the work force.

Cooperation such as occurred between Hazelwood Power and its work force is exactly the sort of thing we want to encourage in the Latrobe Valley. We do not want a reputation as an industrial relations hot spot. Many of us worked very hard throughout the 1990s to turn around the image of the Latrobe Valley being an industrial relations hot spot. Unfortunately, the actions of Yallourn Energy have contributed, through widespread exposure in the state and national newspapers, to presenting the Latrobe Valley as an industrial relations hot spot once again. People in the Latrobe Valley are practically minded. We want to see agreements reached. We want to see cooperation encouraged. I appeal to the parties involved in the Yallourn Energy dispute to cooperate, to come to the bargaining table and to try again to find an agreement, rather than having a situation where someone gets 100 per cent of their agenda or nothing.

We need to see more cooperation in industrial relations. That is what people want to see. In places such as the Latrobe Valley,

where people have struggled for many years and gone through hardship, we understand how important it is to have a strong voice for workers, and unions have provided that strong voice for many years. It is not an unreasonable thing to expect people who benefit from trade union activity to pay a small fee towards that effort. (*Time expired*)

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

**ENVIRONMENT PROTECTION AND
BIODIVERSITY CONSERVATION
AMENDMENT (WILDLIFE
PROTECTION) LEGISLATION**

Dr STONE (*Murray—Parliamentary Secretary to the Minister for the Environment and Heritage*)—I present a replacement supplementary explanatory memorandum to the Environment Protection and Biodiversity Conservation (Wildlife Protection) Bill 2001.

**WORKPLACE RELATIONS
AMENDMENT (PROHIBITION OF
COMPULSORY UNION FEES) BILL
2001**

Second Reading

Debate resumed.

Mr LINDSAY (*Herbert*) (1.13 p.m.)—The theme of the contribution to the *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001* from the member for McMillan was that the government is anti-worker. Those fair-minded people in the gallery this afternoon might like to consider this. If the government is so anti-worker, why is it that the tremendous strides in reducing unemployment are not recognised by the Australian Labor Party? In the 13 years of Labor in government it created 27,000 new jobs. In its first five years this government has created 825,000 new jobs. That is not bad for the workers of Australia. Workers would really have to ask themselves why they would go back to the Australian Labor Party when the general election is called if that is its record in reducing unemployment.

What about interest rates? Under the Labor Party in government what did we see? I think interest rates reached 17 per cent. They

are now down to a little over six per cent. What does that mean to the ordinary worker who has a home mortgage? What would workers prefer? Would they prefer interest rates of around six per cent or interest rates of 17 per cent? I do not think there is any doubt. I do not think that shows a government that is anti-worker.

What about wages? In the 13 years of Labor in government real wages fell. Of course, under the current government real wages have risen. Why would workers go back to the Australian Labor Party when it has that kind of a record on wages? Of course, it is the same situation in relation to disputes. Industrial disputation has fallen under the workplace relations provisions of this government. We have a very good record and we are certainly not anti-worker.

One of the very definite achievements of the Howard government has been the commitment to improve our workplace relations. We have been building a system that aims to magnify, to join together, common interests between employer and employee. Rather than taking the opposition's path of class ideology and conflict, we want to make workplace agreements the primary focus of the system, allowing small businesses and their employees the right to choice and the flexibility to decide what agreements are best suited to their own localities, their own work forces, their own lifestyles and their own family responsibilities, free from centralised, industry-wide, rigid award regulation. Surely that is sensible. Surely that is in the interests of the workers of Australia. Certainly, I do not see that as being anti-worker.

The government's Workplace Relations Act makes provisions to prohibit compulsory unionism. That has worked very well. There are still some warts in how it operates in workplaces and maybe some coercion, but in general it is working very well. Of course, we have seen a reduction in the number of people who are members of unions over the last five years. It is quite frustrating sometimes to sit in the chamber and listen to members opposite as they blindly follow the unions that they owe. I think that is a key

point. In recent years an emerging trend has been identified whereby some trade union leaders have attempted to coerce non-union employees into joining a union by making a demand that all non-unionists pay a service fee on account of union participation in agreement negotiation in their workplace. The coercive nature of the compulsory union fee demand is highlighted by the fact that it is typically made without the consent of the relevant employee and may not even be made until after the so-called services are rendered. The quantum of that fee is of the order of \$500.

What are the underlying issues in this matter? Really, there are two. First, the unions see this as nothing more than a device to get more members. They do this by setting their service fee marginally above the union fee so that there is an incentive for employees to join a union rather than pay the service fee. I think unions have been concerned that their relevance has been falling. The reason it has been falling is that they forgot who their customers were, who they were supposed to be representing. That is why their relevance began to wane.

The second underlying issue is that the Australian Labor Party sees this as a cash cow. The more union members there are, the more dollars that will flow into ALP campaign funds. That is the issue. It is sad that employees who do not want to be members of a union are forced to join a trade union so that their membership fees can go to the Australian Labor Party, whose philosophies they oppose. If ever there were an injustice, that is it. We have heard members on the opposite side claiming that the government's legislation we are debating this afternoon is an injustice. How do they explain the injustice of an employee being forced to contribute, through a union, to a political party that they do not want to contribute to? That is disgraceful.

I refer to a point made by a number of opposition speakers that nobody is being forced and that this is a free vote in a workplace. There is something those members did not say. What they do not tell you is that in

workplaces where there is militant unionism about 80 per cent of the workplace is unionised. So what do they do? They have a free vote. Some 80 per cent are unionists; 20 per cent are not. The unionists vote yes and the non-unionists vote no, but of course the non-unionists have no hope of winning that so-called free vote, because it is not a free vote. It could not be called a free vote by any stretch of the imagination. Freedom of association does not work in that instance. That 20 per cent who are not members of the union are denied their democratic right. The Labor Party has to answer that claim, but I do not think it can, because it is clear that those 20 per cent are outweighed in numbers by militant unionism.

I notice that in the course of the debate this afternoon the Labor Party has been very cocky. It says, 'What's the point of having this debate? We know that the Democrats are not going to support it. We know that the Labor Party won't support it in the Senate. The bill's going to get knocked down, so why are we having this debate? We're going to beat you.' It is not so. This issue will come up in another place. I will give the House a scenario to consider and then tell it how it will come up in another place. What happens if an employee refuses to pay the union service fee? Of course, the union then goes to the employer and says, 'You have to make your employee pay or he has to face disciplinary action.' The employee might then say, 'I'm not going to pay. I don't want to support the Australian Labor Party through a trade union.' Is the employer then going to say, 'There's the door; you're sacked'? Is the disciplinary action that the union seeks the sacking of an employee who refuses to pay the service fee? What a terrible position to put the employer in and what a terrible position to put the employee in. It is most unfair.

There is a fundamental rule of law in this country that a person cannot be signed to an agreement against their will, yet that is what the union is trying to do. It is trying to say: 'You can stand aside and we'll do the negotiation. We'll tell you what you can do, whether you like it or not.' There is a thing called the Trade Practices Act that says that

that kind of action is unlawful. If the Labor Party and the Democrats vote this down, the Trade Practices Act will be invoked and the matter will be dealt with in that way.

A precedent will also be established if this bill does not get through the parliament. Just think of all of the other scenarios where a group works on an issue and then wants to charge a service fee to somebody else who benefits. Let us take the Australian Consumers Association magazine *Choice*, a magazine which does a lot of good work on behalf of consumers right across the country, giving them advice on what they should buy. Would they then say to all the consumers of Australia, 'We're going to charge you a service fee because we've done the work and incurred the cost'? Is that what is going to happen? Would we see chambers of commerce around Australia, which are advocates for their community, charging a service fee for everybody who is not a member of that chamber of commerce? Would we see peak development bodies like Townsville Enterprise Ltd, which is supported by major companies and government as the peak development body in the region, charging a service fee for everything it does for the North Queensland community?

Would we see employer groups which work on behalf of their employees charging a service fee to the employees? Would we see employer advocates who work in the industrial relations system in this country charging a service fee to businesses who are not members of those industry associations? Would it get down to the level where progress associations, which do good work in our communities, charge a service fee to all of the ratepayers of the community? If this bill does not pass, that would be the precedent set if this arrangement is allowed to stand. The government is determined not to allow this arrangement to stand. We are determined that workers should have freedom of association. We are determined that each individual worker in this country should have free choice as to whether or not they want to be members of a union. That is a fundamental view, yet the Labor Party says that the government is anti-worker. I do not think that

follows. I would have thought that allowing a worker to have absolute freedom of choice is good for every Australian.

This bill makes it clear that the Workplace Relations Act should prohibit non-consensual fee demands. Although we had planned that the current terms of the act would prescribe such provisions in certified agreements, the fresh activism of trade unions in advancing these demands and the legal uncertainty now cast over the issue make it a persuasive case for specific legislative action. That is the bill we are considering in the parliament this afternoon, and I strongly support the bill.

Ms GILLARD (Lalor) (1.27 p.m.)—I rise to speak in the second reading debate on the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#) and to urge this House to oppose this legislation. In doing so, I would like to answer some of the clear factual errors and astonishing remarks that have been made by members on the other side during this debate. As this debate unfolded this morning, one would have thought it would be best described as a very ill-informed debate. I think we really need to get some of the facts right. However, it should not surprise members in this House that we would have an uninformed debate in this place on industrial relations in circumstances where the debate is being led by a Minister for Employment, Workplace Relations and Small Business who clearly knows very little about his portfolio.

When this minister first made an outing as the newly appointed workplace relations minister, who can forget that his first contribution as minister was to talk about the system of ambit claiming in the Industrial Relations Commission, a system of which he said:

... this kind of behaviour brings the system into disrepute and it is the job of officialdom generally to massage away this kind of perversity.

That was one of the first statements he made as the Minister for Employment, Workplace Relations and Small Business. Clearly, at that point no-one had briefed this minister on

the nature of constitutional power for the Commonwealth government in the area of industrial relations and the fact that ambit claiming—the process by which unions serve logs of claims to create an interstate industrial dispute—is one of the technical features of our system flowing from the limited nature of power that the Commonwealth has in the industrial relations area. So we have a minister who, from the first day he ever uttered a statement about industrial relations, clearly showed that he did not even have a school economics kind of understanding of the nature of the portfolio. From some of his contributions in this House, one suspects that very little has improved in the intervening period.

Apart from the minister's difficulties in dealing with this portfolio and this bill, some members who have made contributions to the debate this morning are also clearly struggling to come to grips with the details of this legislation and what it means. The member for Hughes gave a contribution about the United Nations Declaration on Human Rights. All I can say to that is that I concur and good on her, but that ought to be a speech that she gives to the party room of the Liberal Party rather than in this place, given that the articulated view by the Howard government of the United Nations and its human rights committee system is that it does not want to be involved in it, at least at the level that Australia used to be involved in it. So we have seen displayed this morning the kind of laughable conundrum where a member of the government came in here spouting a lot of moral cant about the United Nations human rights regulations—a member of a government that clearly does not accept the nature of that system and has sought to downgrade Australia's participation in it.

Mr Martin Ferguson—Including the ILO.

Ms GILLARD—Including the ILO, as I am reminded by the shadow minister at the table. Perhaps even more breathtaking than the member for Hughes clearly forgetting the Howard government's opposition to the

United Nations human rights committee system was the contribution by the member for Moreton, who decided that this piece of legislation was the newly created face of communist totalitarianism in our world. Clearly no-one had explained to him that a comparable system exists in the United States of America—yes, this system exists in the home of the brave, the land of the free, where the Prime Minister is going in September to get some tips on conservative party campaigning.

So we have seen the member for Moreton come in here and decide that this legislation really is the face of some sort of new communist order. If that is right, I trust that the Prime Minister is going to explain that to President George Bush when he meets him in September. I suspect that the Prime Minister is not going to explain that to President George Bush in September because the person who is wrong about this is of course the member for Moreton, who clearly has not understood this legislation, clearly has not done any research in relation to it and does not understand anything about industrial relations systems in Western democracies. I suggest that the member for Moreton might like to do a little bit of research.

Constantly in this place we are urged to embrace the labour market flexibilities that pervade the industrial relations system in the United States. Certainly the former Minister for Employment, Workplace Relations and Small Business, Mr Reith, constantly came in here to berate the opposition and say that the United States had a great system, a freer system and a system that led to better employment outcomes. That has been the line put by this government. I have not heard Minister Abbott say any of those things, but then he talks about his portfolio very infrequently. Perhaps that is why I have not heard him on those questions. The line from this government is that the United States model is one to aspire to. If we were going to embrace the United States model, we would be opposing this bill; we would be embracing a system that allowed levies on non-union members who have benefited from collective agreements.

I will come back a little later to the details of how the system in the United States works, but at this stage I would like to go through a few of the facts in this debate to try to rebalance where we have been this morning, which is around the world and back again but nowhere near the foundations of this bill. Fact No. 1 that needs to be acknowledged in this debate is that unions are good for workers and good for workers' wage outcomes. That is an undeniable truth. If anybody in this House is a bit confused about that question, I refer them to the August 2000 Australian Bureau of Statistics publication entitled *Employee earnings, benefits and trade union membership*. You do not need to be a statistician, an accountant or an economist to flip through that publication to see clearly displayed that the wage outcomes of unionists are better than the wage outcomes of all employees. On average, union members earn more than the full class of employees. If we turn up the table entitled 'Mean weekly earnings in main job of populations by state or territory of usual residence', we find that the mean weekly earnings in the main job of all employees is \$651 a week, whereas the mean weekly earnings for employees who are members of trade unions is \$733 a week. That is absolutely rock solid and clearly displayed: unions are good for the wage outcomes of workers.

Fact No. 2 is that when unions achieve outcomes for workers, which under the current industrial relations system is generally done by way of collective agreement, then the benefits achieved through those agreements flow to all workers covered by that agreement, whether or not they are members of the union. Under our industrial relations system, it does not have to be like that. It would be possible to make a collective agreement where the wages and conditions outcomes within the agreement flowed only to union members. Historically in the Australian industrial relations system, unions have not gone down that path and we do not need to think about it too long to see why that is the case. Clearly, if unions went down the path of making collective agreements

exclusive to union members, that would send a clear price signal to employers in the workplace that non-union members are cheaper labour. So, if there is a wage differential between unionists covered by the agreement and non-unionists not covered by the agreement, a profit maximising employer making a rational decision would obviously prefer to employ non-unionists. If that employer had unionists within their work force, then they would seek over time to persuade those persons to no longer be with the union because that would give the employer a cheaper wage outcome.

If the minister is briefed—if he is not briefed when he replies to this bill he could say anything—when he replies to this bill, I am sure that he will say something like discriminating against unionists is illegal and a person who was not hired because they were a unionist would have an ability to take that up as a matter of law. We all know that that might be right as a matter of law, but we also all know that in workplaces around Australia employers in a variety of subtle ways can send messages to employees and to prospective employees about whether or not the employer would prefer that person to be in the union and that those signals are sent in a way which makes it completely impossible for the worker involved to found a legal case on the basis of that conduct. We all know that that very subtle manoeuvring happens in workplaces. If unions started on a stream which sent a clear price signal to employers that union labour was more expensive, I think we would find employers manoeuvring to employ non-union labour.

What do unions, who are good for wage outcomes, then do? Of course they do what they currently do under our system: they negotiate collective agreements, the benefits of which flow to everybody covered by the agreement irrespective of their union membership. That ends up meaning that you have a free-rider problem: you have non-unionists who get the benefits of the wage and conditions outcomes negotiated by unions and consequently financed by union members, but the free-riders—the non-unionists—get access to those benefits as well. It seems to

be a matter of fairness—nothing more, nothing less—that if you are getting free access to a good, meaning you get a benefit where others are effectively supporting it—so some people are putting in money and others are not—there should be a mechanism to square that up so that everybody supports the effort being made. That would simply be a fair outcome. That is what some unions have sought to do.

Faced with the free-rider problem, the unions have said that the fair thing to do here is for everybody who gets the benefit of the advantage of the collective agreement of the new wage outcome, of the new conditions outcome, to in some way support obtaining that outcome and that that should be done through the payment by non-unionists of some sort of fee which supports the making of that agreement. If that proposition were put in any setting other than the industrial relations setting and if that proposition were put about any other service than the provision of industrial services, then everybody in this House would say, 'Sure, that sounds right, everybody who gets a benefit should pay.' Indeed, our whole governmental structures rely on that. We all pay council rates, irrespective of whether or not we put the bin out every week. We do not have people saying, 'I should get a deduction on my council rates because I put out less rubbish than my neighbour,' or, 'I don't drive on the road as frequently,' or, 'I don't walk on the beach, which is cleaned by the council, as frequently as someone else.' No, we all proceed quite happily from the proposition that everybody who gets a benefit in some way pays for that benefit. The proposition of unions collecting money from non-unionists to support collective agreement outcomes is no more than that proposition. So it is not the kind of insidious, evil proposition that it has been characterised as during this debate; it is just a simple matter of fairness. That simple matter of fairness and the need for that kind of system has been historically recognised in the United States industrial relations system, which is always being held up to us as a model to follow.

I refer members of this House to an article on this question which they might find illuminating. It was published in the *Australian Journal of Labour Law* in May 2001 and entitled 'Agency shops in Australia, compulsory bargaining fees, union insecurity and the rights of free riders'. It is a piece published by Graham Orr, who is at the School of Law at Griffith University. Graham Orr details in this article, amongst other things, the experience in America with these kinds of agreements. He does note, of course, that these kinds of agreements, where non-union members are asked to make a financial contribution to the making of collective agreements, do not exist only in America. He refers to Canada and South Africa as other countries that had them as a feature of their industrial relations system. In this article he predominantly refers to the American example.

Of course, people who have looked at the American industrial relations system would know that the foundation of it is the Taft-Hartley act of 1947. That is the basis, if you like, of American industrial relations law. That act outlawed what are referred to as pre-entry closed shops. That is, it made it unlawful for a union and an employer to agree that the employer would not hire someone who was not a unionist. So there could not be a pre-entry closed shop. The Taft-Hartley provision, though, did allow post-entry closed shops, and it was possible for unions and employers to make an arrangement that after the expiration of a period of hiring it would become necessary for the worker involved to become a member of the union. So post-entry closed shops were allowed by the Taft-Hartley legislation.

As I think is fairly commonly known, the subsequent history of judicial review in America of the meaning of the Taft-Hartley legislation undermined that ability of unions to negotiate post-entry closed shops. There is a long and somewhat convoluted legal history involved in that. But that left unions in America with the same sort of problem that unions in Australia have. That is, they were organising for and getting collective agreement outcomes for mixed workplaces—

workplaces that had some union members and some non-union members. They had, to use the terminology I used earlier, a classic free-rider problem. Faced with the free-rider problem, the unions sought to negotiate what are referred to as union security, or in some cases union insecurity, agreements. Those agreements were that there would be some sort of fee levied—exactly the situation we are debating in this House today—on non-unionists who benefited from a collective agreement struck by a union in a workplace. That was the American unions solution to the free-rider problem.

That was upheld as a completely valid approach in the 1950s in a Supreme Court decision entitled *Radio Officers Union v. National Labour Relations Board*. In that case the Supreme Court held that, although congress had recognised the validity of union concerns about free-riders and the right of a majority to bargain for union security at a particular shop, it had intended to prevent utilisation of union security agreements for any other purpose than to compel payment of union dues and fees. So the decision upheld that, whilst a union could not enter a union security agreement which required the payment of union fees direct, it could enter a union security agreement which required the payment by non-members of some form of fee to defray the costs of having entered into a collective agreement.

That is the first in a fairly long line of cases, all of which dealt with these questions. There was the decision of *National Labour Relations Board v. General Motors Corporation* in 1963, which dealt with what were being referred to then as agency shop arrangements, which is the same thing—that is, requiring some payment of moneys. Then there was the *Retail Clerks International Association* decision a little bit later. It also upheld an arrangement for defraying the costs in connection with the union's legal obligations and responsibilities as the exclusive bargaining agent of the employees in the unit. That decision went on to find that the fees had to be capped so that they were no greater than the actual union dues.

So we have this long history of regulation and court decisions in the States where the United States courts have said that they understand the free-rider problem and they understand that unions should be able to get some contribution from non-unionists in order to support the making of collective agreements. If this bill ultimately is not passed by the parliament, what we would have in Australia is a system where such agreements could exist, because such agreements do exist now. Such an agreement was first struck by the ETU in Victoria, where a collective agreement was upheld which required a fee to be paid by non-unionists who had benefited from the agreement.

It may be said that that kind of system might require more regulation than commission decisions to date have given us, but of course we are in a situation where the commission has not fully explored and ventilated this issue. Instead of allowing a body of industrial relations law to develop around it, the Howard government has rushed into this place with this bill. This bill is ill-conceived. It is unnecessary. It is not a bill that will advance industrial relations in Australia. It is not a bill that is required to make an industrial relations system work. The American system works and allows for the payment of these kinds of fees. All in all, we think this bill should be opposed. (*Time expired*)

Mr McARTHUR (Corangamite) (1.47 p.m.)—I acknowledge the contribution of the member for Lalor, her long involvement in the trade union movement and her well-argued case for a lost cause. Obviously she supports the closed shop, but those on this side of the House are arguing vigorously against that proposition. I note that the member for Throsby is also a very strong supporter, in view of the background he gave into the freeloader concept, of the position that non-members of the union should pay and support the union. The member for McMillan, on the other hand, is blaming the GST for every possible problem that faces Australia. I suppose he would blame the GST for the fact that he did not come into this House and vote against the RFA legislation. That is the type of argument he put for-

ward, as the shadow minister at the table would understand.

This bill is a fundamental argument by those of us on this side of the House against the collective spirit of those opposite in relation to freedom of association. Most Australians agree that people are entitled to join a union, and I respect that right. However, people also have the right not to join a union. During the 1980s I very strongly argued the case, along with the Prime Minister, that in Australia, with its long history of industrial relations, workers and employees should have the right not to join a union when confronted in the workplace by a no ticket, no start syndrome. As we all know, that is prevalent on the building sites in Victoria. There is no way people can work on those building sites without a union ticket. We on this side of the House introduced legislation in 1996 supporting the ability of hardworking Australian workers not to join a union because we knew that since 1904 there had been a preference clause for union members—that is, they received preferable treatment, they were considered in the award fixing process, because they were members of unions. We had a long tradition that it was important to join a union and be part of that collective set of arrangements.

A proposition has emerged that those people who are members of the union are now demanding that non-unionists pay a service fee. The argument goes that union members have paid for the negotiated outcomes of improved wages and conditions, including those of the so-called 'freeloaders', as referred to by the member for Throsby. This position has been reflected in the headlines. The *Age* of 14 February carried an article entitled 'Unions target free riders: non-union labour faces service fee'. The *Financial Review* of 13 February carried an article entitled 'Non-union workers face fees for pay rises'. A more thoughtful article in the *Sydney Morning Herald* carried the headline 'Why it's fair to make freeloaders pay for their due', an article written by Mr Michael Costa, Secretary of the New South Wales Labor Council. Michael Costa makes it quite

clear what the argument is on the other side of the parliament, and states further:

Non-union workers who happily accept pay rises won by others should be prepared to help meet the cost.

He goes on in his argument to make the following couple of comments:

Sometimes members of the trade union will impose bans or strike to reinforce their claim.

He is mooted that to bring about coercive action. He continues:

In such cases, trade union members bear a direct cost through wages forgone.

... ..

Critics say this amounts to compulsory unionism. Wrong.

I am saying that is quite right. He continues:

The non-members do not have to join anything, just pay for a service from which they benefit.

This is compulsory unionism by the back door. We have a problem in that the ACTU are in some doubt as to where they might stand. I quote the following from *Workplace Intelligence* of April 2001:

The ACTU 2000 congress endorsed a broad policy of fee for service bargaining, but the policy has left individual unions with the discretion to pursue the policy or not.

So the ACTU has some concern about whether they can philosophically and within the law pursue this policy. Some members are aggressively pursuing this policy to get a fee for service; others are being a little bit more careful about that.

This situation of attacking the freeloaders was challenged in the Industrial Relations Commission. The commission member, in giving his finding, said that he considered them to be coercive, and I will mention that again in a minute. But we have a situation where a group of mainly small employers were not able to withstand the pressure of these bigger unions. What was being suggested was that the fee be one per cent of the annual income, or \$500. The unions concerned were the communications and electrical and other trade unions—the ETU. The fee was for new employees. This whole situation was challenged by the Employment

Advocate, who in fact is a supporter of both the workers and the employers and acts in an independent manner. The matter was sent to the Australian Industrial Relations Commission. The Employment Advocate, under a technical ruling, made an application to remove these provisions and claimed them to be objectionable under section 298Z of the Workplace Relations Act 1996. The clause could be found in the Accurate Factory Maintenance Labour Hire Enterprise Agreement. I will read this particular agreement, for the information of the House, in terms of the bargaining agent's fee. The agreement read as follows:

The company shall advise all employees prior to commencing work for the company that a 'Bargaining Agents' Fee of 1% of the employees gross annual income or \$500 per annum which ever is the greater is payable to the ETU on or prior to the 16th December each year.

The relevant employee to which this clause shall apply shall pay the 'Bargaining Agents Fee' to the ETU in advance on a pro-rata basis for any time which the employee is employed by the company. By arrangement with the ETU this can be done in two instalments throughout the year.

The company is not responsible for the collection of such fee.

If ever I have seen it, this is compulsory unionism. They are saying that it is just a fee. They are saying that it will cost people \$500 and that they have to pay twice yearly. If that is not a clear indication of what the real thrust of it is, I do not know what is.

The Employment Advocate challenged this situation. Vice President McIntyre, having viewed all the evidence, made a fairly lengthy statement. I will just quote one of his comments:

I agree, as submitted by the applicant, that sub-clause 14.3 should be looked at in a realistic and practical way. In my opinion, it is there to persuade new employees to join, or to coerce new employees into joining, the ETU. The minimum fee of \$500 per annum is substantially more than the ETU membership fee. Further there is little doubt, I think, that the ETU would waive the fee in respect of persons who are or become members. The obligation to pay the fee is therefore unlikely to be required by the ETU of anyone who is a member of the ETU.

There we have it from an independent person from the Industrial Relations Commission. As the shadow minister at the table would understand—he has been a strong supporter of the centralised wage system all of his life—we have the umpire saying in a clear situation—

Mr Gibbons interjecting—

Mr McARTHUR—The member for Bendigo would understand this quite well, too.

Mr Gibbons—You always go union bashing when you are on the back foot.

Mr McARTHUR—We are absolutely on the front foot. The member has been in the trade union movement. He understands quite clearly that the independent umpire has put it clearly on the record that this is a coercive situation.

The Labor Party are remaining fairly silent on this. They are not too sure whether they are going to support this position or whether they are going to remain silent like they do on most other policies, because they have not got any policies. The member for Bendigo understands that. They have no policies on any issue at all. In this area that is close to their heart they are in a bit of trouble. The ALP industrial relations 'policy', adopted last year, in clause 44 reads:

The legitimate role of trade unions and their right to organise, to take action on behalf of their members and on behalf of workers generally and to bargain collectively should be enhanced and recognised and defended.

So the question is whether the federal Leader of the Opposition has the ticker to oppose these fees or whether he is in fact prepared to see that this is a coercive situation. Even his own good friend the Premier of Western Australia is on the public record—and the member for Bendigo should note this—in an article in the *West Australian* of 7 June headed 'Gallop attacks \$400 fee for non-union nurses'. What has the Leader of the Opposition, who is in the chamber now, said to his good friend the Premier of Western Australia? The article states:

Dr Gallop said unions should win members on the basis of the services they offered.

Not through coercion. That is the Premier of Western Australia saying that. Then the Minister for Labour Relations, John Kobelke, said:

We think unions need to get out and provide services to their members and attract new members on what they can offer.

I see the shadow minister walking into the chamber. He should hear these words of wisdom. He should listen to the West Australian Chamber of Commerce and Industry operations director, Mr Brendan McCarthy, who said that the proposed fee was unethical. He went on to say:

“In any other form of operation that would be totally outlawed,” he said. “They are saying you have got to pay us regardless of how we have performed and regardless of whether we informed you beforehand. It’s just a guise for compulsory unionism.”

So we have an interesting situation in Western Australia. The *West Australian* editorial comment titled ‘Forced unionism in ANF plan’ goes on to say:

In effect, this amounts to a clumsy attempt to achieve compulsory unionism—a denial of the principle of freedom of choice. It would be a more honest (and honourable) course for the ANF to ask itself why nurses choose not to join it, than to continue with its demand for money in a manner that suggests vindictiveness.

What a surprising situation we have in that Labor state of Western Australia. Another article states ‘Nurses oppose bargaining fee’. Even their own union is a bit upset about it. It states:

More than 100 nurses have signed a petition against a proposal to charge non-members of the Australian Nursing Federation a \$400 fee ...

So in Western Australia the union’s own people do not support this coercive action. The Labor Party do not support it. The shadow minister is a bit ambivalent about it. They will continue to encourage the Democrats to vote against this sensible legislation which gives freedom of choice to individual, hardworking Australians and gives them freedom of choice in the workplace so that the concept of no ticket, no start can be outlawed on building sites in Victoria. This legislation should be passed by this House

and passed by the Senate because it is sensible and because it reflects an Australian value of a fair go in the workplace. I strongly support it and would encourage the Democrats and others in the Senate to support the bill also.

Mr SPEAKER—Order! I should indicate to the House that, rather than calling the next speaker, obviously I have chosen to wait until 2 p.m. to indicate that the debate is interrupted. In accordance with standing order 101A, the debate may be resumed at a later hour.

**GOVERNOR-GENERAL:
RETIREMENT OF SIR WILLIAM
DEANE**

Mr HOWARD (*Bennelong—Prime Minister*) (2.00 p.m.)—Mr Speaker, I seek your indulgence.

Mr SPEAKER—Indulgence is extended.

Mr HOWARD—Today marks the last full day in office of the current Governor-General of Australia, Sir William Deane. I would like to take this opportunity in the parliament, on behalf of the government—and I know on behalf of the people of Australia—to record our gratitude to Sir William for his very meritorious and dedicated service as Governor-General of Australia over the last 5½ years. He came to that position after a very long and distinguished career in the law. He was an exemplary and highly respected barrister at the New South Wales bar for many years, taking silk at an early age. He then became successively a judge of the Federal Court of Australia and a judge of the High Court of Australia.

His appointment as Governor-General in 1995, on the advice of my predecessor, meant that a person came to that position with a very distinguished career behind him. It is fair to say that he has brought to the discharge of his duties great personal commitment. He has displayed an unflinching interest in the place of the disadvantaged within Australian society. He has been very personally committed to the cause of reconciliation between indigenous and other Australians. I can say, on a personal note, that I have found him and Lady Deane the most charming of

people to be in the company of. I think he has brought to the office a great deal of dignity, a great deal of warmth and a great deal of substance.

In marking his retirement, and without in any way seeking on an occasion and at a time such as this to prejudice the debate about the arrangements for the head of state of this country, can I simply say that in every way he has fulfilled the role that ought to be fulfilled by a person serving in the role of Governor-General. This nation has been very fortunate over the years to have had many governors-general of great distinction, and Sir William Deane has certainly been one of those. I wish him and Lady Helen Deane and their family the best of good health and happiness in the years ahead.

Mr BEAZLEY (Brand—Leader of the Opposition) (2.03 p.m.)—Mr Speaker, I seek your indulgence on the same matter.

Mr SPEAKER—Indulgence is extended.

Mr BEAZLEY—Thank you, Mr Speaker. I support the remarks that the Prime Minister has just made about our soon to be retired Governor-General, Sir William Deane. All around Australia Sir William has been the human face, in many ways, of our Constitution. Over the last 5½ years countless small communities have felt a sense of connection with the processes of government and seen a sympathetic face in government as they have had the opportunity to meet, talk with and listen to Sir William and Lady Helen Deane.

He has made his mark in many ways as Governor-General—in more ways than most who hold that office. He has made his mark, really, as a voice and force for reconciliation in our community. I think it is safe to say that there has probably been no Governor-General of this nation who has so won the affection and trust of the indigenous and original community of Australia in the way in which he has. They have seen him as a champion of reconciliation and a champion of the right treatment of themselves. That response has been a marked feature of his governor-generalship.

But he has been there for other things as well. He has presided over the memorial

services and commemorations of some of the saddest events that we have witnessed in recent times as Australians, as well as the commemorations of past events which require memorialisation. Particularly in the early years of his watch, he had a number of services to attend, which were services related to events in which a large number of Australians had died. He was there as a sympathetic figure, a shoulder to cry on in some circumstances, for a number of Australians who were seeking comfort and an understanding that the Australian community identified with them in their period of distress.

He has also been there for some of the great joys that this country has experienced in recent times—for example, that lovely and gracious presence at the opening of the Olympic Games. I do not think there has been any event more joyous, at least in my memory, over the last few years than the Olympic Games. But there were others as well: at sporting events, cultural events, educational events we have seen Sir William there. I join with the Prime Minister in congratulating him and Lady Deane on the job that they have done and in wishing them and their family well in his retirement.

Mr SPEAKER (2.06 p.m.)—I should like just briefly to associate myself, as a presiding officer, and all parliamentarians with the remarks made by the Prime Minister and the Leader of the Opposition and to indicate how much the President of the Senate and I have appreciated the role of Sir William and Lady Deane as charming hosts at all functions that we have had occasion to attend, as people dedicated to their vice-regal office and as people who have served the nation with great distinction in a career of which they should both be very proud.

SHADOW MINISTERIAL ARRANGEMENTS

Mr BEAZLEY (Brand—Leader of the Opposition) (2.06 p.m.)—Mr Speaker, I seek leave to table changed frontbench arrangements. There has been a small alteration. Specifically, the member for Grayndler has had additional parliamentary secretary duties

added, assisting the shadow minister for Aboriginal and Torres Strait Islander affairs.

Leave granted.

QUESTIONS WITHOUT NOTICE

Banking: Services and Fees

Mr BEAZLEY (2.07 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware that the chief of the Commonwealth Bank, Mr David Murray, said yesterday that, although his bank had banked for all Australians to date, ‘I can tell you on current trends we may have to review that decision in future years if we can’t get a fair price for service’? Prime Minister, given the Commonwealth Bank’s half-yearly profit of \$1.35 billion, isn’t it time you supported my banking policy which will ensure that all Australians get access to low-fee, no-frills bank accounts guaranteed?

Government members interjecting—

Mr SPEAKER—Before I call the Prime Minister, I invite the Leader of the Opposition to repeat the latter half of that question since I could not hear it above the chortles on my right.

Mr BEAZLEY—I thought they were shrieks of fear.

Mr SPEAKER—The Leader of the Opposition is being extended a courtesy that will be quickly withdrawn.

Mr BEAZLEY—Certainly, Mr Speaker. Prime Minister, given the Commonwealth Bank’s half-yearly profit of \$1.35 billion, isn’t it time you supported my banking policy which will ensure that all Australians get access to low-fee, no-frills bank accounts guaranteed?

Mr HOWARD—I thank the Leader of the Opposition for that question. If I understand it correctly, your banking policy gave us a 17 per cent housing interest rate, so I certainly will not be adopting your banking policy. If my recollection also serves me correctly, it was under the watch of the Leader of the Opposition in government that the process of privatising the Commonwealth Bank was commenced—not a process, incidentally, that we opposed. In fact, as the Leader of the Opposition knows, if it had not been for our

support in opposition, it would never have occurred. But, of course, I take the opportunity to remind the Leader of the Opposition that he had two Commonwealth banking policies when he was a minister in the Keating government, and they were completely contradictory. One of those was when one of his colleagues wrote to the Commonwealth Bank Officers Association and promised them, before the 1990 election, that there would be no privatisation of the Commonwealth Bank. Without going back to the Australian people for endorsement of a change of policy, the other policy was to decide to proceed with the privatisation of the Commonwealth Bank.

Let me say, in relation to the reported remarks of Mr Murray—I use the expression ‘reported remarks’—that I did not think they were particularly sensible remarks. I think banks do have social obligations. Banks in this country are very stable, they make very big profits, they operate in a very benign economic climate, and they have social obligations. That, incidentally, is a view that I have had for a very long time. I hope that Mr Murray was misquoted, because I think he is a bank executive of very great ability. But I think that everybody who runs a large organisation in this country has social obligations to the more needy in the Australian community. The other observation I would make is that I think that what he was probably saying to the Leader of the Opposition was: if you start interfering too much in the operation of corporations, you will end up producing the wrong result.

Opposition members interjecting—

Mr HOWARD—Well, I simply remind those who have any recollection of the history of banking policy in this country that there was a time when, in the name of helping the needy, we maintained a regulated interest rate regime in this country. The direct result of that system was that people stopped depositing their money with banks because they could not get a market rate of interest. We had a situation where people could get a loan from the bank only if they took a small loan from the bank and topped it

up with what was called 'the rest of the cocktail' from a finance company. The point I simply make to the Leader of the Opposition and those who sit opposite is that the best policies to help the needy in the Australian community are policies of low interest rates, low inflation, low taxation, high employment and strong economic growth. Those things, more than regulation, will deliver benefits to the poor in the Australian community. The thing about banking policy of which I am most proud and every man and woman who sits behind me is most proud is the current level of interest rates. When Labor was in office, we had 17 per cent housing interest rates. I take the opportunity again to remind this parliament that the last time the Labor Party held the seat of Aston bank interest rates for housing loans were at 17 per cent. And mortgagors were paying something in the order of \$700 or \$800 a month more than they are now paying for their mortgages from the Commonwealth Bank and indeed from other banks. The best banking policy is a low interest rate policy, and the best side of politics to deliver a low interest rate policy in this country is the coalition.

Tax Reform: Benefits

Mr BARTLETT (2.13 p.m.)—My question is addressed to the Prime Minister. Is the Prime Minister aware of any independent assessments of how the new tax system has settled down now that it has been in place for 12 months?

Mr HOWARD—I am aware of a lot of evidence about the new taxation system—and it will be a year this weekend.

Mr Bevis—Next weekend.

Mr Crean—Hear, hear!

Mr HOWARD—I am glad the member for Hotham says 'Hear, hear!' Let me just remind the House that, when we had the final debate in this parliament close to two years ago on the legislation to give effect to the new taxation system, I pointed out to the parliament that, over the last 20 years, this country has faced a number of major challenges of economic reform. We faced the need to reform our tariff system, we faced

the need to reform our financial system and we faced the need to reform our industrial relations system. For a long time, the thing that was left undone was the reform of Australia's taxation system. Much as the Leader of the Opposition will now try to run a negative position of the GST, he knows as well as does the member for Hotham that in the long run this country needed tax reform. But, in order to get tax reform, it needed a government and two political parties to have the courage to bring it in.

I know the fond dream of the Leader of the Opposition is that he can surf to office at the end of the year off the back of public unease about the introduction of a new taxation system. The judgment about whether he is right in that negative approach will ultimately be made by the men and women of our country. Like anybody in politics, I will await and accept the decision of the Australian people. But let me say that I have been heartened in recent months by the growing acceptance within the Australian community, despite the transitional challenges, that we did need taxation reform.

The member asked me whether I am aware of any independent analyses. I can recall over the course of the last 12 months that, time after time, I have had the name of Mr Chris Murphy of Econtech thrown up at me. I have been asked to endorse his analysis. I do endorse an analysis made by Mr Chris Murphy of Econtech. He addressed a post-budget vital issues seminar at Parliament House earlier this month. As part of that presentation, Mr Murphy provided his assessment of how the new tax system had panned out now that it had been in place for almost a year.

His first point was that the impact of the new system on the CPI appeared to be just under three per cent in the September quarter, and that that was much less than the 3¾ per cent estimate made by Treasury at the time of the introduction of the new system. He also explicitly noted that the inflationary impact was not 10 per cent, as a lot of people, particularly those opposite, would have led the Australian people to believe that it

would be. He also, very importantly, as illustrated by this very effective chart, pointed out to those who attended the seminar that the financial position of not only people on average earnings but also people in receipt of the pension was significantly in advance of increases in the consumer price index, including the impact of the introduction of the new tax system.

He pointed out that, whereas the CPI had risen by six per cent, the age pension in the relevant period had risen by 8.1 per cent and the after tax average wage position of people on average earnings had risen by 8.2 per cent. Let me repeat that for the benefit of those who sit opposite: CPI up by six per cent, after tax average wage up by 8.2 per cent, pension up by 8.1 per cent. On the basis of that, the member for Hotham, the member for Lilley and all of those who sit opposite continue to go around spreading falsehoods about the impact of taxation reform within the Australian community. This is not a document that I have prepared. It is not a document that has been prepared by Treasury. It is a document that has been prepared by an independent economic analyst. It gives the lie to the claim that in some way the mainstream of the Australian community has been hurt. Indeed, economic analysts concluded that you have to get to \$230,000 a year before the benefits of the tax package begin to disappear.

I believe this country's economy has been strengthened by tax reform. We needed tax reform, and tax reform has delivered the largest ever reduction in personal income tax. It has taken \$3½ billion off the cost of exports. It has provided a sound revenue base for the states, so that in the years ahead they will have the resources to deliver higher levels of protection in areas such as public health and police services and will be able to provide more money for state schools and all the other bread-and-butter things that states are responsible for under our constitutional arrangements. That is the reason why, in reality, the most enthusiastic advocates of taxation reform in their private moments are the Labor state premiers of this country. They are, despite what they may say in pub-

lic, privately gleeful about tax reform, because taxation reform has given them access to a secure revenue base to fund the provision of services to the Australian community.

Tax reform was a challenge. Tax reform provided a challenge for the government. It provided a challenge for the business community. I take the opportunity to thank the business community of Australia, particularly the small business community, for the way in which they have handled the transition. I recognise and acknowledge that there have been some transitional difficulties, but in the long run what this country wants is a government that is prepared to undertake decisions for the long-term benefit of the Australian people. They certainly do not want an opposition whose only stock in trade is to hope that what the government is doing goes wrong, and which has developed no alternatives of its own.

Taxation: Family Payments

Mr SWAN (2.20 p.m.)—My question without notice is directed to the Minister for Community Services. Minister, isn't it the case that a family still faces a substantial family tax debt even if they immediately advise Centrelink of their changed earnings and that, indeed, they can actually accumulate a debt even if their income estimate falls? Minister, isn't it the case that the Cooper family from Toorbul in Queensland were told that they would receive a debt of \$1,300, even though their income estimate fell by \$4,500 when they swapped parenting roles? Minister, with families who do the right thing still being slugged with debts, isn't your GST inspired family tax system a debt trap?

Mr ANTHONY—Of course, I can never take the word of the example that the member for Lilley has given me because his *modus operandi* is not to come up with any policies—because they do not have a families policy—but to come up with any tactics that are going to scare the over 2.2 million Australians who have received substantially more family tax payments. One of the issues that he is going to, I suspect, is the issue with family tax benefit part B. This is in regard to

some of the administration methods. The whole premise we have is that families are getting more assistance, but we do require them to give their accurate estimates. As far as family tax benefit part B is concerned, 1.2 million Australians have received that. It partly compensates for having only one tax-free threshold. It replaces six complicated forms of assistance. FTB part B provides more assistance and has more generous income testing arrangements.

Households will always be better off financially, of course, if that second earner starts to go to work and a household has the benefit of additional income earned as well as the benefit of two income-free thresholds. The whole premise of FTB part B was to give families choice. If one member of the family, whether male or female, wishes to stay at home, then of course we would reward them through increased family tax payments, particularly for children under the age of five; or, if both parents decide to work, then both parents take advantage of the two tax-free thresholds.

You supported this legislation—the Labor Party supported this legislation, as well as the reduction of payments. I would just like to quote the shadow minister for family services and aged care back in June 1999:

First of all I want to indicate at the outset that the Labor opposition supports the thrust of the major bill in that it seeks to consolidate 12 existing family payments into two and to simplify two child-care payments by creating one single regime. Labor supports those measures as being a step in the right direction in terms of simplifying it and making it more understandable for Australian families to access social security payments.

What are you on about, Member for Lilley? You supported this legislation which increased payments quite considerably. And of course we do expect families to give their correct estimates. That is why 880,000 families have changed their estimates over the last 12 months to ensure that their estimates are correct.

Tax Reform: Benefits

Mr ROSS CAMERON (2.24 p.m.)—My question is to the Treasurer. Could the Treas-

urer inform the House how Australian families and businesses are benefiting from the new tax system and how taxes will be further cut from this Sunday, 1 July?

Ms Kernot interjecting—

Mr SPEAKER—Before I recognise the Treasurer, I invite the member for Parramatta to repeat that question since his opportunity to be heard was entirely interrupted by the member for Dickson.

Mr ROSS CAMERON—Thank you, Mr Speaker. My question is to the Treasurer. Could the Treasurer inform the House how Australian families and businesses are benefiting from the new tax system—

Mr Tanner interjecting—

Mr SPEAKER—I warn the member for Melbourne! The member for Parramatta will continue.

Mr ROSS CAMERON—Could the Treasurer inform the House how Australian families and businesses are benefiting from the new tax system and how taxes will be further cut from this Sunday, 1 July?

Mr COSTELLO—I thank the honourable member for Parramatta for asking his question, and asking it again, and again. If I may, I will give only one answer; it is the same answer to all three questions. Last year, on 1 July, this government abolished whole-sale sales tax and in its place we introduced a goods and services tax, which gives a \$3½ billion reduction in tax to Australia's exporters and has pumped more money back into the rural and regional communities of Australia. Last year, on 1 July, this government cut income tax for all income tax payers. For a family on average earnings, if we had not have done that, today their top marginal tax rate would be 43 cents in the dollar; but under the coalition it has fallen to 30 cents in the dollar.

On 1 July last year we put the states on the basis of a revenue stream which today pays for every schoolteacher in every classroom in every school in every state of Australia. And, after it has done that, it pays the wages of every policeman on the beat in all of the states of Australia. Last year we cut com-

pany tax from 36 to 34 per cent, and on 1 July this year we cut it further, to 30 per cent. On 1 July this year we abolish the financial institutions duty. On 1 July this year we abolish stamp duties on shares. And from 1 July this year pensioners and other low income earners in Australia can claim back the tax on their dividends from shares if it is in excess of their own personal income.

For an average family on \$40,000 a year with three children, one under five, the combination of income tax cuts and increases in family allowance has put them in front by \$86 a week. They are getting, in increased payments or in reduced income taxes, \$86 a week. And that, of course, helps with the cost of raising children.

The Prime Minister earlier referred to the fact that under the government's new tax system the fortnightly pension has gone up by \$30 a fortnight or 8.1 per cent. I would like to also refer members of the House to what Mr Chris Murphy from Econtech said at his Vital Issues seminar on 6 June 2001. Perhaps it did not get the coverage it deserved—6 June 2001 was the day the national accounts came out showing growth at 1.1 per cent. It was also the last time the shadow Treasurer asked me a question in the House. He seemed to go off asking questions after the Australian economy went into growth 10 question times ago. Chris Murphy, who has done modelling for the Labor governments of New South Wales and Queensland and the Tasmanian Labor government—he has done modelling for Dr David Crean, the Labor Treasurer of Tasmania—said that pensioners would be in front. What he actually said was this:

Over the same period of the new tax system, the age pension has increased by \$30 a fortnight, or 8.1 per cent. Pensioners are actually around 2 per cent better off, although you wouldn't know that from most media reports on the issue.

We agree with him on both those counts. Then he went on to wages. This is what Chris Murphy said, and I think that this should be tabled at the end of question time:

Someone who is on an average wage, which is around \$40,000, 12 months ago under the old tax scale I showed you, they were paying around

\$10,400 in tax with an after-tax wage of around \$29,600. If they have had the average wage increase over the last 12 months of 3.7 per cent, they are now on a wage of around \$41,500. However, once you apply the new tax system to the new wage level, even though their wage has gone up, their tax bill has been cut by \$1,000, so their after-tax wage is up 8.2 per cent.

Up 8.2 per cent. If the Labor Party had had its way, if the Labor Party had maintained the old tax system, that family on average earnings today would be paying a top marginal rate of 43 cents in the dollar. It was the Liberal-National Party that decided to give average wage earners a go. It decided to cut their marginal tax rate to 30 per cent. It decided to increase family tax assistance. It decided to put in place an economic policy which has kept their interest rates low. It is the Liberal-National Party that had the courage to reform the tax system to make things better for families on average wages—and it is families on average wages which have been the focus of improving their assistance and income tax cuts under the reforms of the Liberal-National Party.

Goods and Services Tax: Small Business

Mr CREAN (2.31 p.m.)—My question is to the Prime Minister. Prime Minister, what do you say to the small wine producer in the seat of Aston who wrote to Senator Kay Patterson about the GST:

The GST has been disastrous for business. Every business in Australia has had to spend thousands of dollars in trying to deal with this appalling tax and its even more appalling compliance requirements. I've always been a Liberal voter—

he writes—

and, indeed, a very active person at state conference—

Government members interjecting—

Mr CREAN—He said it to Kay Patterson—

but the utter deafness and utter stupidity of our present ministers makes it impossible for me to vote Liberal again. You may not realise it, but John Howard is now detested by thousands of Liberal voters.

Prime Minister, with your GST's first anniversary just a few days away, do you really

think that struggling Australian small businesses like this have anything to celebrate?

Mr HOWARD—As always, I never accept on face value what the Deputy Leader of the Opposition puts. I will get a copy of the letter, analyse it and I may write back to the person concerned. But let me just for the moment be completely serious with the Deputy Leader of the Opposition. He asks what I would say to the small business community of Australia in relation to taxation reform. What I would say to the small business community of Australia in relation to taxation reform is that this country has needed a modern, contemporary, export supporting, incentive based taxation system now for at least a quarter of a century. I would say to the small business person in question, if he has in fact written in that fashion, that one of the reasons we brought in the new taxation system was to bring about a taxation base for the future that recognised that we are, like most other Western communities, a progressively ageing community and we need to create a revenue base that can deliver the services that the citizens of this country will want in the years ahead.

This parliament is meant to be a place in which ideas are exchanged and debate takes place, and the judgment that ought to be made on the GST is not a judgment as to short- or even medium-term popularity; the judgment is to the long-term contribution it makes to strengthening the economic and social infrastructure of this country. In all of the toing-and-froing that has taken place over the debate, the impact on individuals is very important, and I yield to nobody in my continued assertion that the impact has been very beneficial, particularly on average families, as has been pointed out by the Treasurer. But we should not lose sight of the fact that there is a long-term social infrastructure element in this and there is a long-term economic infrastructure element in this. With an ageing community, I would have thought that the worst possible recipe is to have a taxation system that relies increasingly on personal income tax as a source of revenue and completely ignores—

Mr Crean—It had gone down. Look at your personal income tax take.

Mr HOWARD—He interjects and says it came down. Under you it goes up, that is my point.

Mr Crean—That is a lie.

Mr SPEAKER—Deputy Leader of the Opposition, the Prime Minister has the call!

Mr HOWARD—When you criticise our prescription—

Mr Crean—Yes, we do.

Mr HOWARD—Yes, I know you do, but you also have an obligation to put forward an alternative. In the end, in this country, the people of Australia are asked to make choices about which government they want, and in making a choice the Australian people will look at what this government has done. They will make judgments—not all of those judgments will be positive; we hope the majority of them are but not all of them will be—and they will also then turn around and say, ‘What is the other side offering? What is the other side saying about the long-term strength and the long-term position of this country?’ What they will look at in relation to the Labor Party concerning taxation is a party that, for the last 5½ years, has run the politics of negativity, for the last 5½ years has hoped and prayed that everything we did went wrong and for the last 5½ years has talked down the Australian economy. It is an opposition that, for the last three months, until the release of the national accounts, tried to undermine the confidence of the Australian community in the strength of this economy.

So I would say to that small business person that this country has needed taxation reform for a long time. I would say to him, ‘When Labor was last in office you were paying interest rates of at least 17 per cent.’ I would say to that small business man that the growth rates under this government have been far better than the growth rates were under the former government. I would say to that small business man that it was the boast of the former Labor Prime Minister of this country that we actually had a recession. I

would say to that small business man that the spending power of his customers, the spending power of the consumers of Australia, has been much greater over the last 5½ years because people are paying lower interest rates, they now are paying lower personal income tax, they have higher real wages based on greater productivity, and there are 800 or 1,000 more of them in the work force, having wages to spend, families to support and, therefore, purchases to make, including purchases from bottle shops and assorted wineries around Australia. I would also make the general observation that he operates in an industry that has been one of the great success stories of Australia's export behaviour, and I would say to him that one of the good pieces of news out of the GST is that we have taken \$3½ billion off the backs of exporters.

Mr Crean—I seek leave to table the correspondence from the disaffected winemaker.

Leave granted.

Government Policies: Funding

Mrs VALE (2.39 p.m.)—My question is directed to the Treasurer. Would the Treasurer advise the House of the options available to government to fund policy commitments? What has been the approach of this government? How does this compare with alternatives?

Mr COSTELLO—I thank the member for Hughes for her question. During the last five years of the Labor government the option which it used to fund Commonwealth spending was to borrow the money. The way in which a government borrows money is it issues bonds. Whether you call them Treasury bonds or education bonds, you borrow from the public and under the bond you are required to repay it. Apparently, driving the budget into deficit and issuing bonds is one of the things that the member for Fremantle has been looking at.

Another way of funding your promises is to increase taxes. One will recall that was what the Labor Party decided to do after the 1993 election, when it increased petrol excise by 5c a litre and wholesale sales tax by 2c and increased all of the personal income

tax rates. As I said earlier, I may be feeling unloved by the shadow Treasurer, who has not asked me a question in the last 10 question times, but I never forget him because I keep under my pillow at home one of my favourite press clippings, of 14 August 2000. I polish it up every night, and I always remember him as I go to bed at night.

Opposition members interjecting—

Mr COSTELLO—I have had a lot of trouble sleeping, I can assure you of that.

Mr SPEAKER—Treasurer, come to the question.

Mr COSTELLO—It is that famous clipping where he promised that he was not going to put up taxes and he was not going to spend more money and he pledged the Labor Party to bigger surpluses:

Federal Labor has pledged to deliver bigger Budget surpluses than the Coalition during its first term ...

It was 'bigger surplus Crean' that led to the nickname B.S. Crean, by which he is universally known throughout Australia. My mind went back to this—how you had BSs, no tax rises and increased spending—when I was thinking of the second last Labor government to get elected in Australia, and that was the Labor government of Western Australia. Before Dr Gallop, a close friend of the current Leader of the Opposition, was elected in Perth on 3 February 2001 he said:

We are planning surpluses. We are not going to increase taxes and charges. We are going to reduce government spending in areas that are unnecessary and redistribute the money to real areas of need.

That sounds rather familiar. It sounds very similar to the formulation we have been getting from the federal Labor Party, so we ought to be entitled to know how it works out. Yesterday the Western Australian Treasurer, the Hon. Eric Ripper, after the pledge of budget surpluses and no increases in taxes, made the following announcement: an increase in water rates, 3.5 per cent; an increase in motor vehicle registration fees, five per cent; an increase in sewerage rates, 3.5 per cent; an increase in compulsory third party insurance premiums, two per cent; and

an increase in drainage rates, 3.5 per cent—all after a promise in February of no increases in taxes. No wonder the federal Labor Party uses Dr Gallop as one of its role models.

I shall also alert the House that the actual effect on an average household, according to the Hon. Eric Ripper, was \$38. But if you look carefully you will see it was actually \$58. He said he that he was entitled to discount it to \$38 'on the grounds that abolition of financial institutions duty would soften the impact'. So the state Labor government goes out, makes a promise of no increased charges, puts up water rates, motor vehicle registration, sewerage, third party insurance and drainage and says, 'Oh, but we're entitled to deduct from all of our tax rises the fact that the federal coalition government funds the abolition of financial institutions duty.' How deceitful can you get!

It proves that, if the Labor Party had had its way, financial institutions duty would never have been abolished. You opposed tax reform, including the financial institutions duty, all the way through. We know how these promises work out. We know how they worked out in 1993. We know how they worked out in Western Australia in 2001. Now can I inform the House of further news in relation to Labor's unfunded promises to spend. The Leader of the Opposition released at the Sydney Institute some time ago the first instalment of his so-called Knowledge Nation—a project which was written by, amongst others, Professor Simon Marginson, who writes today in the *Age*:

To reach this level—

of Knowledge Nation; listen to this from Professor Marginson—

we need to invest an additional \$12.3 billion a year ...

The author of your report says that \$12.3 billion a year is the required investment. Next Monday we are going to see—because we are going to see Knowledge Nation in all of its glory revealed, including whether it takes the education bonds and the tax rises and what programs are going to be cut. Do you know why that sum of \$12 billion took

my imagination, Prime Minister? How would one fund \$12.3 billion a year? You would totally reverse the tax cut of 1 July last year. That is the kind of dimension you are talking about. If you want \$12 billion a year, it means you would have to change tax rates and put every average earner who is currently on a top marginal tax rate of 30 cents in the dollar right back where they were under the Labor Party, on a top marginal tax rate of 43 cents in the dollar. When people hear 'Knowledge Nation', what they ought to hear is this: higher taxes, broken promises, increased interest rates and economic irresponsibility.

Goods and Services Tax: Small Business

Mr BYRNE (2.47 p.m.)—My question is to the Prime Minister. Prime Minister, how do you respond to the Aston small business man Michael Ferguson, who says that for the first time in his life he will not be voting Liberal because:

The GST has been a debacle for small business. This is the worst period I have been through ... [and] it won't cut out the black economy—it has just given the tax cheats an extra 10 per cent.

Prime Minister, with your GST's first anniversary just a few days away, do you really think that small business people like Mr Ferguson have anything to celebrate?

Mr HOWARD—I enter what I call the normal ALP caveat in relation to questions that are based on correspondence. I could say a few things to Mr Ferguson. I will not indulge the hubris of a person whose name is well remembered in this place by saying to him, 'You have never had it so good.' I will not make that foolish error, but I tell you what I will say to him: if you measure by retail sales the economic conditions in which small business operates at the present time—and if you are running a business you normally like to sell things, whether those things are goods or professional services or other kind of services—retail sales are not doing too badly. I would point out to him that the rate of inflation now is significantly below the average rate of inflation during the 13 years of Labor government and that we have

very strong economic growth and dramatically lower interest rates.

If you were put against a wall and were asked for the one single reason above all other reasons why, if you were in small business, you would never dream of going back to Labor, it would be the absolutely absurdly high level of interest rates that operated under the former Labor government. If you were buying a home or running a business when Labor was in office, you were paying 17, 18, 19 or 20 per cent interest rates. If you were a farmer, you were on a bill rate of sometimes 22 or 23 per cent. I have lost count of the number of men and women in small business whom I have met all around the country and who may even have had an argument with me or with the government about one aspect or another of policy but who, time after time at the end of a conversation, have said to me, 'Well, I mightn't agree with you on that particular issue, but I tell you what: I will never go back to voting for the Labor Party after what their high interest rates did to my business and the devastation of those high interest rates on my business and on my family.'

The small business experience of this country has permanently etched upon it the destructive effect of those high interest rates that occurred when the Leader of the Opposition was a senior minister in the Hawke government and a senior minister in the Keating government. What made it worse is that the people who imposed those high interest rates boasted that they were the right solution to the nation's problems. I can only say to the men and women of small business in this country that, like any other section of the community, you are entitled to take issue with the government about this or that policy but, at the end of the day, high interest rates will do more damage to your business than any other policy. And, on that ground alone, never countenance going back to the Labor Party.

Mr Byrne—Mr Speaker, I seek leave to table an article in the *Sunday Herald Sun* which details Mr Ferguson's concern with small business and the GST.

Mr SPEAKER—The member for Holt has sought leave to table an article—

Mr Howard—Oh! You're tabling an article. You said it was a letter.

Mr SPEAKER—When the House has come to order, it is the custom for questions to be addressed through the chair. Is leave granted to the member for Holt?

Leave not granted.

Tax Reform: Export Benefits

Mr SECKER (2.52 p.m.)—My question is addressed to the Minister for Trade. Would the minister explain to the House the benefits to Australian exporters, particularly exporters in the seat of Aston, of the Howard government's tax reform measures?

Mr VAILE—I thank the honourable member for Barker for his question. Off the back of policies that have delivered low interest rates, low inflation and higher productivity, of course Australia's exporters have benefited dramatically from the removal of \$3.5 billion worth of taxation burden from their backs in their competition with the rest of the world through this government's new tax system introduced almost 12 months ago. One commentator said to me, 'It has been like putting a set of flippers on Ian Thorpe in making our exporters much more competitive with the rest of the world.'

There were some interesting comments and some interesting forecasts when we were having the debate a little over 12 or 18 months ago about the benefits of tax reform and the removal of that taxation from exporters. We all remember the prediction that the member for Fraser made during that debate. He said:

Well, the GST overall should be good for exports.

He went on to say:

I'm not a fan of the GST as you might imagine but if there's one thing that's a plus for it, it is that it should slightly help our exporters.

Guess what: the member for Fraser was right—we agreed with him then and we obviously agree with him now—because Australia's exporters during the last 12 months have done extremely well. They have performed with absolute excellence and, since

the introduction of the new taxation system around 12 months ago, our exports have risen by 24 per cent.

Mr Howard—24?

Mr VAILE—By 24 per cent, since we removed that burden from their back—the monkey of the Labor Party off their back. That growth in exports, as far as our economy is concerned, in the first quarter of this year, the March quarter, helped to deliver us a trade surplus of \$575 million, which was the first trade surplus we have had in a long, long time. But it was off the back of that strong export figure.

Of course, this excellent performance by Australia's exporters and the benefits that they are gaining from taxation reform go right across the Australian economy, including into the seat of Aston where companies like IDT Australia, which is a biotech and pharmaceutical company—not a dumb company but a smart company in a smart economy—exporting to the world from Boronia, and Camatic, which manufactures theatre seats in Wantirna for Australia and the world, are doing extremely well.

These companies are much more secure in their position in our domestic economy and in the global economy because of the policy settings that this government has undertaken. They have achieved improved levels of exports because they have got a better economic environment in Australia, with higher productivity, lower interest rates, lower taxation from this Sunday—with a 30 per cent rate of taxation for companies from this Sunday—and the abolition of financial institutions duty from this Sunday. All this equals a much more stable economic environment and base from which they can work in the Australian economy and export to the world out of the seat of Aston.

Couple that with low mortgage interest rates and it is little wonder that the electors of Aston are worried about the possibility of a Labor government. The one thing that they have not forgotten is the high interest rates that they suffered from the last time Labor held Aston. The last time Labor held Aston they were paying an extra \$850 a month on

their mortgage rates. They have not forgotten that, and they will never forget it. They are very, very frightened about ever seeing Labor back in power because of that fact.

The residents of Aston now know that they are facing a very clear choice between the coalition and the Labor Party. With the coalition, they are going to see a stronger economy, low interest rates, low inflation, lower taxation, more exports, more jobs and less national debt. Under Labor, they know that they will see more debt—Carmen Lawrence has told us that—

Mr SPEAKER—The minister will refer to members by their electorate.

Mr VAILE—They will see more debt—the member for Fremantle has told us what their policy is with regard to funding some of those policies—high inflation, more taxation, and Senator Conroy told us about higher taxation from the Labor Party, and fewer exports. Dougie Cameron has told us what you are going to do to our exports; Dougie Cameron has told us what your policy is. That all equals fewer jobs. But, most importantly, the electors in Aston know that a Labor government will deliver them much higher interest rates—the way they were in 1990.

Goods and Services Tax: Small Business

Mr O'CONNOR (2.57 p.m.)—My question is to the Deputy Prime Minister. Deputy Prime Minister, what do you say to the small business in the New South Wales country town of Orange that wrote to its suppliers in April and said:

Would you please cancel all outstanding back orders.

It is with regret that I have to take this step. All I can say is: blame John Howard.

The after-effects of the GST on the community here in the country have had a greater effect on our country communities than we could have predicted.

In our 27 years in our own retail business, this is the toughest we have experienced.

Mr SPEAKER—The member for Corio will come to his question.

Mr O'CONNOR—Deputy Prime Minister, with your GST's first anniversary just a few days away, do you think struggling small business in regional Australia has anything to celebrate?

Mr ANDERSON—I thank the honourable member for his question. The first thing I would say is that I would very much appreciate, if the member responsible is happy and if the small business man concerned is happy, having a copy of the letter, because I would welcome the opportunity to respond. I would be the last person to sound an inappropriate note of triumphalism over some of the difficulties that rural and regional Australia has faced in recent years, but I have to say this: I will defend to the hilt our decision to move to an indirect tax system that removes the burden on exporters.

Just a moment ago, I heard the Leader of the Opposition say that tax reform was not worth anything to farmers because they did not pay those taxes. I do not know what we have to do to get the message over to people like the Leader of the Opposition, but the reality is that through what was known as 'cascading'—it is not exactly rocket science—the indirect tax system that they defended for so long hit rural industries across the board at every level of activity but never more so than at the point of exports.

Small businesses in communities like Orange are dependent upon export performance. That is essentially what rural and regional Australia is about. About 80 per cent of what they produce goes on to export markets. Almost alone amongst exporting countries, we had our hands tied behind our backs by a tax system which loaded up on exporters. That has been removed. I would also, with respect, seek to point out to the writer of that letter that he might inquire of the ALP as to whether they seek to reimpose the wholesale sales tax mess; whether they seek to go back to the old days of ramping up fuel excise ad infinitum—500 per cent in 13 years; and whether they would like to declare their hand one way or the other on a whole list of very important rural and regional programs that they have never taken a stand on.

You have the member for Batman out there whose favourite occupation in life is straddling a barbed wire fence. He cannot take a position on anything. It would be very nice just to know on one or two things whether they either agree with us or disagree with us, so that we can actually have a debate.

Mr O'Connor—I seek leave to table the letter from the businessperson in my electorate.

Leave granted.

Education: Funding

Mr WAKELIN (3.01 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of recent statements regarding educational funding? Would he advise the House of the implications if such policies were adopted?

Dr KEMP—I thank the honourable member for Grey for his question. I am aware of recent statements regarding education expenditure from none other than Professor Simon Marginson in today's *Age* newspaper. Professor Marginson, as the House has been reminded, is none other than the co-author of the report which the Leader of the Opposition so proudly touted a week or so ago on Australia's comparative performance as a knowledge nation. This is an article which is little more than political special pleading. It, like the Labor Party itself, denigrates Australia's performance as an advanced technological nation. It denigrates Australia's educational performance, and it is full of inaccuracies and selective statistics.

The article is wrong when it says that Australia is an old economy, because according to the Economist Intelligence Unit we are second only to the United States in the world in terms of our e-readiness. The article is wrong when it says that university enrolments are falling: the latest data is that university enrolments this year are 2,996 higher than last year and some 30,000 higher than when Labor was in office. The article does not tell readers that the participation rate of 16- to 17-year-olds in full-time education has climbed from 75 per cent in 1996 to 78.8 per cent in the year 2000. It does not

inform readers that 386,000 places have been created in TAFE over the last five years; it does not tell readers that apprenticeships have doubled; and it does not tell readers that illiteracy rates have halved. It does not tell readers that Australian university revenues are at an all-time high of \$9.5 billion.

What this article does show is that Professor Marginson shares the Labor Party's view that no dollar is so good as one that has been taken from the taxpayer and that no taxpayer can spend their own money half as well as the Labor Party can spend it for them. There is no talk in this article about how you increase national investment in education. You never hear anything about that from the Labor Party. You never hear anything about that; all you hear is how many more dollars are going to be taken from the taxpayer, how many more dollars government is going to spend on behalf of those who benefit from education. Professor Marginson in fact comes clean at the end of the article with a figure on how much extra needs to be spent on education to make Australia, in his view, comparable to the United States and Britain. That figure is \$12.3 billion extra per year. This is Professor Marginson: \$12.3 billion per year!

Professor Marginson is modest there. He says this is not going to happen overnight. But the reason this is not going to happen is because the Labor Party is still working out how it is going to fund it. Is it going to be by expanding deficit spending, is it going to be by mezzanine finance, is it going to be by pumping up interest rates to funnel taxpayers' and small businesses' money back into the government coffers, or is it going to be by putting up taxes?

We know what the Labor Party is all about. We have just seen the Labor Party in Western Australia putting up charges on water and public transport and electricity and car registration, despite hand on the heart promises that this was not going to happen, that taxes were not going to be raised. Whenever you see the Labor Party in office, you see it spending more of taxpayers' money and putting up taxes and interest rates. That

is what the voters in Aston will be remembering on 14 July. They will be remembering that the Labor Party stands for higher interest rates and higher taxes.

Goods and Services Tax: Compliance Costs

Mr CREAN (3.06 p.m.)—My question is again to the Prime Minister. Prime Minister, do you stand by your promise that the GST would be a simple new tax that would get rid of the paperwork burden facing small businesses and charitable organisations? If so, what do you say to Mr Max Chellew, the honorary treasurer of the Sapphire Coast Uniting Church, who was told by a tax office official that small businesses are having extreme difficulty trying to cope with GST compliance, and that it is not helpful to send a pile of GST paperwork 12 inches high to a small group of congregations like his, claiming back \$90 a quarter for GST inputs? Are you aware that this official offered to write to the Deputy Commissioner of Taxation to see if something could be done? If your own tax office officials think the GST is a compliance nightmare, why shouldn't struggling Australian families, small businesses and charitable organisations think so as well?

Mr HOWARD—Mr Speaker—

Mr Andrews—Mr Speaker, I raise a point of order. On the face of it, this question is clearly based on hearsay. As such, a question based on hearsay does not—

Mr Melham—Tell that to Heffernan!

Mr Martin Ferguson—Hearsay is all right on your side of the House.

Mr SPEAKER—Member for Batman! The member for Menzies has the call. I missed that last interjection.

Mr Melham—It's about the cowboy in the Senate, Mr Speaker.

Mr SPEAKER—The member for Banks is warned.

Mr Andrews—On the face of the words used by the questioner, this question is clearly based on hearsay. As such, it cannot meet the requirements of standing order 144(a). It is not capable of being authenti-

cated in any logical manner, and therefore I urge you to rule it out of order.

Mr SPEAKER—The member for Menzies is in error with his point of order. My concern with the question was that it could too easily be authenticated in that the name of the person responsible for it had been given. In my estimation, that name was not necessary in order to authenticate the question. I will allow the question to stand, but I do think that the use of the name was not necessary.

Mr Crean—Why?

Mr SPEAKER—Prime Minister, before I allow you to continue: I have no obligation at all to respond to the Deputy Leader of the Opposition, except to remind him of the standing orders themselves.

Mr HOWARD—The Deputy Leader of the Opposition invites me to say whether I stand by this or that comment. I say this to the Deputy Leader of the Opposition: I stand by the belief asserted by the government when this new tax system was introduced that it would be beneficial for this country. The experience of the last 12 months vindicates that statement. Of all the things that I have been associated with in public life which I believe have been to the long-term benefit of this country, tax reform is certainly up there with the best of them. Specifically in relation to welfare organisations in the Australian community, I take the opportunity to point out to the Deputy Leader of the Opposition that one of the great advantages of a broad based indirect tax like a goods and services tax, when all the proceeds are dedicated to the state governments of Australia, is that those state governments have the wherewithal to provide the services, thereby creating a situation where many of the concerns of welfare organisations in the Australian community are better addressed. I believe that the changes we have introduced are producing a better partnership, a better social coalition, between the state governments, the federal government, philanthropic individuals and the welfare sector of the Australian community.

The distinguishing feature of this whole question time would be very apparent to anybody who has been watching. It is the last question time of this session, it is the last question time before the first anniversary of the introduction of the new taxation system. On the one side you have a government that have had the courage to introduce a historic taxation reform. You have a group of men and women who have called it for Australia; you have a group of men and women who have not set out to trash the national interest for partisan political advantage; you have a group of men and women who have recognised that the responsibility of government carries with it the responsibility to introduce reforms that are to the long-term benefit of the Australian community. And we are faced with an opposition whose only stock in trade is to scaremonger, to mislead, to oppose, to undermine, to sabotage and to torpedo the efforts of a government to introduce important reforms.

We have now had 5½ years to try to find out what the Leader of the Opposition stands for. Somebody said to me yesterday that one of the things that strikes him about the Leader of the Opposition is that, in relation to the same issue, sometimes he will say yes, sometimes he will say no, sometimes he will say both yes and no, and sometimes he will say nothing at all. This man who sits opposite me has had 5½ years to summon the courage to tell the Australian people what he believes in. He has failed that responsibility and he deserves the condemnation of the Australian people as a result.

Mr Crean—Mr Speaker, I seek leave to table the letter from the Sapphire Coast Uniting Church complaining about the burden of the GST on their activities.

Leave granted.

Waterfront Reform: Productivity

Mr CAUSLEY (3.14 p.m.)—My question is directed to the Deputy Prime Minister and Minister for Transport and Regional Services. Will the Deputy Prime Minister inform the House of the progress in the government's policy to improve Australia's water-

front productivity? Is he aware of any alternative policies in relation to this issue?

Mr ANDERSON—I thank the honourable member for his question. Like many of us on this side, he would remember that, before we gained government in 1996, when you moved around Australia, one of the issues that came up not infrequently—if I can put it that way—was a concern on the part of a lot of Australians that the unions had undue influence in the management of the country and that people needed to be able to run their businesses a little more freely. When they wanted an illustration, it was nearly always the waterfront that they talked about. There had been, I think, 39 inquiries into the waterfront since the end of the Second World War. The taxpayer spent a fortune on WIRA and whatever it delivered, and no-one, but no-one, believed that any progress had been made.

We came into government and set about taking on waterfront reform as a priority of the government for the nation. One of the indicators of our intentions to achieve reform was that we set a benchmark across the nation of an average container movement of 25 per hour. The response was perhaps predictable; it was certainly one that downplayed the capacity of Australian workers and downplayed the necessity for an efficient waterfront for jobs and economic prosperity. The response was: 'You can't do that in Australia.' Australians could not deliver an average of 25 container movements an hour. Who was it who said that Australian workers could not manage that sort of performance level? It was the ALP and their mates in the union movement. They said Australians could not do it. They had us down to about 18 movements an hour—that was the average across Australia. We were a laughing stock internationally. Australians could not move 25 containers an hour—that is what the MUA, the waterfront unions and the Labor Party said. We have the latest figures. We have Waterline—

Mr Danby—Tell us what the stevedoring charges are.

Mr ANDERSON—We will come to stevedoring charges in a minute. I am very glad you raised the subject.

Mr Danby—What about stevedoring charges?

Mr SPEAKER—The member for Melbourne Ports is defying the chair, and I warn him!

Mr ANDERSON—I am sure all members are very interested in this set of figures. In the March quarter of 2001, we hit an average across Australia of 26.4 containers an hour. That is up substantially from 25½ and 24.9 in the respective two previous quarters. Crane rates above 25 containers an hour were achieved at all five major container ports across Australia. Further, it is worth noting that, in the broader context of port operations, berth availability for the March quarter also hit a record level of 99 per cent.

Opposition members interjecting—

Mr ANDERSON—You always know when they would rather we were not talking about something that is important to Australia—they do not want to hear about it. I want to actually respond to a couple of the interjections, because at the heart of those interjections were that no-one has benefited from waterfront reform. I have heard this before. In fact, I can tell the House that a Labor senator, Senator George Campbell, recently stated in a speech about waterfront reform in the Senate:

Australian exporters are not benefiting one red cent from the process.

Mr Llew Russell is the chief executive officer of the Liner Shipping Services Ltd. His carriers carry approximately—and this is interesting—\$60 billion worth of exports out of this country. I think he might know a bit about waterfront reform and how important it is. He was so concerned that he undertook a very interesting exercise. He wrote to the member for Batman, pointing out that he was very concerned about this and other related comments, and that he felt it necessary to indicate the improvements in demurrage, in truck waiting times, in reduced inventory levels for exporters and, most importantly, in the reliability of shipping with fixed day

sailing schedules. All these are worth real money, they are real improvements in our export competitiveness and provide real jobs to Australians. I have to say, first, that it is absurd for Senator Campbell and other members of the Labor Party to claim it has not been worth while.

The second and very important point is that Mr Llew Russell has written to the member for Batman—the opposite number—in effect asking him to state his position. We have not been able to get the member for Batman to state a position on anything of any substance. We do not know where he stands on aviation, on shipping in general or on rail. We do not know whether they support more doctors and better services in rural and regional Australia, but on something as basic as the waterfront I think we would all agree that it is time he showed his hand. On waterfront reform, are you with the union movement and your ACTU mates?

Mr SPEAKER—Minister, address your remarks through the chair.

Mr ANDERSON—Will the member for Batman declare that waterfront reform has been important for Australia and for Australian jobs, and that he therefore supports it? The question has to be asked: if the Labor Party—

Mr Albanese—You are supposed to answer.

Mr SPEAKER—The member for Grayndler is warned.

Mr ANDERSON—If the Labor Party cannot provide a position on something as basic as whether they support waterfront reform or whether they intend rolling it back, how could the Australian people ever hope to know what they might stand for in government?

Mr Tim Fischer—Mr Speaker, could I ask that the minister table the positive Waterline document?

Mr SPEAKER—Was the minister quoting from a confidential document?

Mr ANDERSON—No, Mr Speaker. I table the document.

Telecommunications: Policy

Mr STEPHEN SMITH (3.21 p.m.)—My question is directed to the Prime Minister. Prime Minister, are you aware that the figures you used yesterday during question time about falls in the prices of telecommunications services covered only the period prior to the introduction of the goods and services tax? Isn't it the case that the GST actually saw the price of telecommunications services rise by 8.1 per cent in the September 2000 quarter, 7.8 per cent in the December 2000 quarter and 7.1 per cent in the March 2001 quarter, as compared with the previous year? Prime Minister, hasn't your GST all but wiped out the benefits of four years of telecommunications competition?

Mr HOWARD—No, they have not. I do not have the bit of paper with me, but I will get it before the end of question time. Let me just illustrate from recollection that the most spectacular fall related, I think, to international, and that was over 50 per cent. So I do not know how a rise of seven or eight per cent can wipe out 50 per cent. But I am well aware of the period that it covered, and I made absolutely no attempt to disguise that fact. The figures I quoted yesterday were totally accurate.

Commonwealth Offices: Management

Mrs MOYLAN (3.23 p.m.)—My question is addressed to the Minister for Finance and Administration. Would the minister inform the House of reforms that the government has made to property management? Is the minister aware of any instances where the Commonwealth is not receiving value for money for leasing premises?

Mr FAHEY—I thank the honourable member for Pearce for her question. I acknowledge her considerable professional knowledge and skills in this area of property, deriving from what she did professionally before entering parliament. They are of great value to the government. In 1996 the property stock inherited by the coalition government was badly maintained, managed inefficiently and underutilised. In fact, the majority of agencies and departments had no formal lease or occupancy arrangement. The

government had no idea of what the true cost of owning property amounted to and no idea of what the true cost of leasing office space amounted to after 13 years of this area of government administration being totally neglected.

Many of those properties did not even comply with occupational health and safety standards. I recall the problem that the Treasurer and I had with the area that Treasury and the Department of Finance were occupying. There was some concern that the building may have been condemned and they had nowhere to do their work. That again is an indication of the quality of Labor's administration. When it came to selling properties, they only sold on an ad hoc basis when they needed that little bit of extra cash to fund their increasing deficits or to attempt to keep those deficits down.

Immediately this government moved to introduce some property principles which provided some greater transparency and accountability in the management of Commonwealth property. There was a divestment program which matched the priorities of government and the government's needs, and there was an implementation of commercial leasing arrangements. Yesterday a report was tabled by the Australian National Audit Office in respect of three case studies on Commonwealth leasing. Whilst I am still examining that report in some detail, I make that point that suggesting that in 1996-97 we put undue influence on the terms and conditions that agencies entered into is not correct. It is a little silly to suggest that undue influence was placed on the heads of agencies, who signed off on those arrangements under the Financial Management Act, where they had to indicate they got value for money.

The second part of the question asked whether I was aware of any instance where the Commonwealth did not receive value for money. I looked around and I saw a particular building about one kilometre from this chamber. I checked to see what the rental was on that and I was told that currently it is \$717 per square metre per annum. I thought: how does that compare with other premium

grade, quality office rental space for the CBD? Colliers Jardine tell me that the average cost for rental space in the CBD of Brisbane is \$220 per square metre. This one, about a kilometre from here, costs about \$717 and Brisbane \$220. For comparable office space it is \$250 for Perth, \$203 for Adelaide, and for Melbourne \$350 per square metre per annum.

I eventually got to a building in Sydney called Chifley Tower—41 stories high and, up near the top, premium quality rental space costs \$645 per square metre. I asked myself: what do you get for \$645? Having been up there a few times, I immediately thought that if you look north you see a magnificent harbour and if you go past that you see such wonderful places as North Sydney, Benelong, Warringah and Mackellar. You can get to the Brisbane Waters and you can even get as far as Robertson, you are up so high. The view is magnificent. If you looked east, you see down through the heads—on a fine day you could probably see the All Blacks training in Auckland, you are so high.

If you looked south, you might not get over the escarpment of Wollongong, but you would certainly settle on some pretty good places like the electorate of Cook and the electorate of Hughes. If you looked west, you would see the progress that is being made in the Blue Mountains by the local members there. If you did not want to look too far, you could look down and you could see a four metre statue, in steel, of Ben Chifley. This is all for \$645 per square metre.

My thoughts returned to the building in Canberra—\$717—and I said, 'Where is this place?' It is just down the road in Barton. I said, 'Who is the owner?' I found out that the owner is John Curtin House Ltd, a fully owned subsidiary of the Australian Labor Party. I asked what was the cost of comparable premium quality leasehold space in Canberra. I am told that it is about \$330 per square metre. So here we are close to 2½ times that. I said, 'How long does this lease go for?' They said, 'For 15 years, and by about 2004 it will cost over \$1,000 per square metre per annum.'

When it comes to looking at what the Australian taxpayers deserve—and that is value for money and leasehold value for money—over the 15-year life of this lease the Australian Labor Party will pocket, above market rent, \$36 million. The Audit Office did not include this as an example in yesterday's report, but I do know that they have tried to negotiate with the Australian Labor Party to redo this lease and that they have met a dead end every time. The Australian Labor Party should give that \$36 million back. Every year that that lease goes up at a compound rate of nine per cent will be another legacy to the Australian people of the waste and mismanagement that the Australian Labor Party thrive on, as they demonstrate through this edifice down there called Centenary House.

Government members—Shame!

Mr SPEAKER—I issue a general warning to all members on my right!

Tax Reform: Broken Promises

Mr BEAZLEY (3.31 p.m.)—My question is to the Prime Minister. Prime Minister, do you remember promising that because of the GST everyone would be better off, no small business would go to the wall, the tax act would be smaller, there would be more jobs and less unemployment, the black economy would disappear, the GST would not be a tax on a tax, all over-60s would get \$1,000, pensioners would get a four per cent increase without clawback, health and education would be GST free, the Australian dollar would be worth more, nothing would go up by the full 10 per cent, and petrol prices would not increase? Prime Minister, with so many broken GST promises—the tax we were never, ever going to get—do you really think struggling Australian families and small businesses will be celebrating its first birthday?

Mr HOWARD—I thank the Leader of the Opposition for asking me that question. I would say to the Leader of the Opposition: you have it within your power to make Australian families \$36 million better off by paying—

Mr Beazley interjecting—

Mr HOWARD—That was a rotten deal and you know it. That money is going—

Mr Beazley interjecting—

Mr SPEAKER—The Prime Minister and Leader of the Opposition!

Mr HOWARD—You established a pipeline from the federal Treasury to the headquarters of the Australian Labor Party. You ought to be ashamed of yourself for that.

Mr SPEAKER—The Prime Minister!

Mr HOWARD—You ought to be ashamed of yourself—

Mr Beazley interjecting—

Mr SPEAKER—I am tired of the Leader of the Opposition and I am tired of the Prime Minister defying the chair!

Opposition members interjecting—

Mr SPEAKER—I issue a general warning. The Prime Minister had, unwittingly, not been responding to the question. It is in that context that I draw his attention to the fact that he was not responding to the immediate question asked. Furthermore, I would point out to both the Prime Minister and the Leader of the Opposition that neither of them has a licence to deal with each other across the table. All comments are addressed through the chair.

Mr HOWARD—Mr Speaker, I repeat, through the chair: the Leader of the Opposition could help Australian families by paying back that \$36 million out of the coffers of the Australian Labor Party.

Honourable members interjecting—

Mr HOWARD—The former national secretary—

Mr SPEAKER—Prime Minister!

Honourable members interjecting—

Mr SPEAKER—It is probably inevitable that this winter session will end with someone being obliged to remove themselves from the House. I hope I am wrong.

Mr McMullan—Mr Speaker, I raise a point of order. In light of your general warning, I draw your attention to the fact that the Prime Minister is defying your ruling and

not dealing with the specific question, exactly as you warned him not to do.

Mr SPEAKER—In the 18 years that I have been a member of this place the chair has always extended a good deal more licence to the Prime Minister and to the Leader of the Opposition. I invite the Prime Minister to come back to the issue of the GST and its impact on the Australian economy.

Mr HOWARD—I was asked about the impact of policy on the families of Australia and the taxpayers of Australia. What I said was utterly relevant to that, and it remains utterly relevant. In relation to the other part of the question asked by the Leader of the Opposition in which he listed a litany of alleged broken promises, we made a commitment to the Australian people when we went to the electorate in 1998 that, if re-elected, we would deliver to them an improved taxation system. We promised that we would deliver them a taxation system that would make Australian families better off, and we did. We promised that we would deliver a taxation system that would give the states a growth tax, and we did. We promised that we would deliver a taxation system that would take \$3½ billion off the back of the exporters, and we did. We promised to deliver them a taxation system that would have for the short term only a stated impact on the consumer price index. In fact, we overdelivered on that promise because the impact on the CPI was less.

Above all, in bringing forward this taxation system, we promised that we would take into account the long-term economic and social interests of the Australian community. This country has needed tax reform for a generation and over the last 25 years it has been in the long-term interests of Australia that we have tax reform. Every person who has held a position of leadership on either side of politics in this House over that 25-year period has known in their heart that we have needed taxation reform. But the only person who has held that position, who is still in this parliament and who has been prepared to undertake the political heavy lifting

to bring about that reform is me, along with the assistance of the Treasurer, the Minister for Finance and Administration and everybody else. In the end, you are judged on what you are prepared to do in the long term. I will always be prepared to have what I have done in relation to tax reform compared with the action of the Leader of the Opposition as a member of a party that has taken the Australian taxpayer for a \$36 million ride via the lease on Centenary House.

Job Network: Placements

Dr WASHER (3.37 p.m.)—My question is addressed to the Minister for Employment Services. Would the minister update the House on recent issues raised regarding job matching and the Job Network?

Mr BROUGH—I thank the honourable member for his question. Over the last few days there have been a number of questions asked of me in this House by the Leader of the Opposition and the shadow minister. Yesterday, the member for Dickson asked me to confirm that I had accompanied my adviser on a visit to Leonie Green and Associates Gold Coast headquarters on 10 April, and I reconfirm to the House that I in fact did do that. After question time yesterday, I confirmed with my adviser that there was no discussion about the use of Leonie Green and Associates of—and I quote the shadow minister—‘her labour hire firm to place job seekers into what the opposition are calling phantom jobs’.

The member for Dickson also asked me to confirm whether documentation regarding the future expansion of this scheme was supplied to me or my adviser by Leonie Green on 10 April. I can confirm that I was provided with three documents at this meeting, and I take the opportunity to inform the House of the title of each of these documents and to table them. The first one is *Research utilization models: Frameworks for implementing evidence-based occupational therapy practice*. The second document is entitled ‘As a Job Network provider how do we most effectively assist mature aged job seekers return to the workforce?’ and the third document was *Australian Occupational*

Therapy Journal, volume 47, issue 4, December 2000. I table them. They are the three documents that were referred to and they are also the subject of a notice of motion put on the *Notice Paper* by Senator Collins in the other place.

The notice of motion by Senator Collins last night also asked me to table a full copy of the interim report of the investigation currently being undertaken by my department as a result of the questions raised during Senate estimates hearings on 4 June. Before talking to that, Senator Collins also asked for a diary note, and I thought it would be worth while tabling that. At that particular meeting on 10 April—and it was an informal meeting—I was given a tour of the Leonie Green and Associates headquarters, met with her key personnel and, at that time, we had informal discussions. There were no notes taken and therefore there are no notes that I can table for you.

In relation to the interim report, my department advises me that it has been unable to provide an interim report, given the short time frame of this investigation. However, after receiving verbal briefing last night from the team investigating this matter, I directed my departmental secretary, Dr Shergold, to summarise the findings to date, to explain the issues which have been identified and the proposed action to be taken prior to the full report being made available. For the benefit of the House, I will now provide an overview of that letter, and I will then table it. The letter has today's date, and Dr Shergold writes:

As advised to you, despite best endeavours, it will take a further few weeks before a final Enquiry report can be completed. The key factor dictating this timetable is the need to undertake a complete survey of all Job Matching placements made since January 2001 with Anchorage Labour Hire (ALH), the company affiliated with Leonie Green and Associates (LGA), one of our Job Network members.

He goes on to say:

Whilst the Department's Legal Counsel has advised me that no evidence has been found to date of fraudulent activities on the part of LGA, it would be imprudent to draw a final conclusion until the Enquiry is completed. I should note that

the company is co-operating fully with the investigations. It is essential to the success of the Enquiry that LGA and ALH be able to participate without being subject to external pressures or interference.

He goes on to say:

The investigations to date into the Job Matching activities of LGA through ALH have already been extensive, including formal interviews with management of both organisations, with staff in a large number of LGA's regional offices and with present and former employees. A thorough review has taken place of Departmental files and interviews have been conducted with relevant staff. These enquiries have identified a number of significant issues that need to be addressed including:

the appropriateness of certain claims for payment by LGA;

lines of accountability within the Department; and Job Network policy issues, in particular relating to the current terms of Notification of Non-payable Outcomes and related contractual matters.

With respect to LGA's operations, what has already emerged is that a significant number of Job Matching places through the Victorian offices of ALH ... clearly involved people undertaking self-canvassing for jobs, which is not permitted under the contract. LGA has accepted that almost 200 payments were incorrect and has agreed to their repayment. ... Further inquiries will provide information on:

the extent to which the work undertaken fully satisfied the minimum 15 hour requirement over five days;

the extent to which placements arose from an extensive degree of job splitting; and

the nature and effectiveness of individual servicing received by job seekers in the arrangement of their placements.

He goes on to say:

From a thorough survey of the Department's records, I can also confirm that you were not briefed on any allegations relating to compliance or other aspects of LGA's activities—regarding either the market research work or telemarketing positions arranged through ALH—prior to that date. Furthermore a search of the minutes of the NESAs Board meetings of 16 February, 6 April and 1 June 2001 indicate that no discussion of labour hire companies is recorded ...

... the Enquiry has noted that the Department's independent Investigation and Compliance Units, having identified a potential problem with the surge in Job Matching placements by LGA in February, commenced investigations of LGA claims through March and April 2001.

He also says:

... Finally, LGA never sought, nor could they have gained, approval from the Department to job seekers being 'employed' in self-canvassing for their own jobs ... This practice is clearly at odds with contractual obligations under Job Network.

He further says:

Finally, in line with your wishes, I am expediting the conduct of the Enquiry to enable completion of the investigation as quickly as practicable, mindful of the importance of providing greater certainty for all Job Network Members and their clients. As indicated above, the major outstanding task for the Enquiry is to conduct a complete survey of all job seekers placed with ALH over the last six months. As directed by you, I will separately review the Department's policy framework to examine if any changes are required.

I table the full details of the letter provided to me by the secretary. In relation to a comment made in that letter by the secretary to me where he refers to there being outside interference, I inform the House that I have received an email today, dated 28 June, from Leonie Green, via the departmental secretary, Dr Peter Shergold. Ms Green writes:

Dear Peter,

... Cheryl has been calling my mobile phone numerous times asking for me to provide information for her to use ... It became obvious last week that while she offered me her "support" agreeing that LGA had not done anything wrong, she (her office) was simultaneously feeding misinformation to the press.

She goes on to say:

I can only suggest that this example of scare tactics is a desperate attempt to gain my confidence ... I find her actions deplorable and destructive. It appears that she spread this rumour widely and my staff (and their families) and our clients have been very adversely affected.

In this email she also provided me with a transcript of a message left on her phone service, dated Wednesday, 27 June, 11.48. The transcript says:

Hello Leonie, it's Cheryl Kernott. I can understand why you feel a bit tentative about speaking to me at the moment ... There's a strong rumour circulating that you're going to be closed down on Friday. And that could well be before the report's made public. You might want to talk to me about that before question time. I'm in my parliament house office ... and my direct line is 2112.

The shadow minister should not be spreading misinformation, let alone contacting a person who is the subject of an inquiry by this department. This is deplorable and destructive behaviour, and I call on the shadow minister to desist.

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

Mr SPEAKER—Before I call on the Minister for Finance and Administration, I remind members that, under the standing orders, a general warning has been issued.

LEADER OF THE OPPOSITION

Motion of Censure

Mr FAHEY (*Macarthur—Minister for Finance and Administration*) (3.47 pm)—by leave—I move:

That this House censures the Leader of the Opposition for failing to order the renegotiation of the Labor Party's Centenary House leases and depriving the Australian community of \$36 million.

Nothing is more evident in public administration in this country today than a building called Centenary House in the parliamentary triangle, a short distance from Parliament House, where there is a lease in existence that has the highest rental per square metre in Australia. That lease is a lease between the Australian Labor Party and the Australian National Audit Office. That government agency was requested to enter into that lease back in 1993. The base rental then was way above the Canberra base rental, the Canberra comparable level, for commercial leased space. But the conditions of that lease required a compound interest rate each year of nine per cent to be added to the lease price. So, year after year, since 1993 through to the present time and through to the conclusion of this lease, there will be an increase in the

cost to the taxpayers of this country of a figure in rental terms way above anything in this city, way above anything in the other capital cities, way above the most expensive commercial property lease in Sydney—and way above what any Australian taxpayer would regard as a fair thing.

What happens to all of this? It is siphoned immediately into the coffers of the Australian Labor Party for purposes of campaigning or otherwise. Maybe they are using it for such things as sending Laurie overseas. It does not matter. What does matter is that this compounds into a figure over the 15-year term of this lease of \$36 million more than ought to be a reasonable rental. What we are seeing here is a lease which is a straight-out scandal. We look from time to time to the emerging nations around us. We do not pass judgment, but we wonder how these sorts of things can happen; how public administration could allow the sorts of practices to develop which are not fair to the people of those countries. We never think that that sort of practice could in fact occur here. It has and it is going on right now.

Time and again, the Audit Office have gone to their landlord and said, 'Look, this isn't a fair deal. This isn't right. This isn't something that ought to be allowed to continue. Could we please renegotiate this lease in a way that will allow us to pay what could be considered as a reasonable sum of money?' And what happens? It is a dead end time after time. The simple fact is that the Australian Labor Party does not want to let the Australian taxpayers off the hook. It wants to tighten the noose in the rental that is paid, so that the Australian Labor Party can be a beneficiary of this scandalous lease. This will continue on under the terms of this lease for some time to come.

What does it mean? It means that a rental that started off at \$367.95 per square metre in 1993, before you took into account parking, has now grossed up with parking to \$717 per square metre per annum. When you multiply that by the 6,297 square metres of this particular rental, you see that a sum of somewhere in excess of \$4½ million has

been paid in rental for one reasonably small agency of government here in this city. You know that that is going to go up next year. In fact, it goes up on 23 September every year, and this year it will go up again. That base figure this year will in fact be \$733, and grossed up with parking approaches something like \$800 per square metre. In 2004, per square metre it will be over the \$1,000 mark.

I do not know how any member of the Labor Party can sleep at night when they are ripping off the taxpayers of Australia to the tune of \$36 million over and above what is a fair thing over the life of this lease. It comes down to what occurred back in 1993 and what the current Labor Party leaders are prepared to do about it. As I indicate to the Australian taxpayers this monumental rip-off, I call again on the Leader of the Opposition to renegotiate this lease and pay back the money. Show some leadership. Show your true credentials in what you want the Australian people to consider is a fair thing. If you want to be considered as an alternative Prime Minister in this country, stop ripping off the taxpayers and do something about this disgraceful lease that has your party benefiting at the expense of every taxpayer in this country. Not just the people of Canberra but the people in your own electorate are paying more than they should simply so the Australian Labor Party can be the beneficiary.

I indicated before that when it came to a question of what was and was not available in the way of property, this government, when we came in in 1996, found an absolute mess. It was not that the Audit Office did not have some choices, because in 1996 we discovered that there was commercial accommodation available for rent, owned by the Commonwealth in this city alone, of seven hectares—70,000 square metres of office space unoccupied. If you take that back to 1993, the Audit Office had plenty of choices where they could have gone. Any responsible leader, at that time or subsequently, would have said to the Audit Office, 'You are an agency of government. You should get value for money when you pay your rental

and you should pay a fair rental.' And you would be squeaky clean, you would expect, if you want to have any credibility in financial management. You would not ask any agency of government to pay what is not a fair thing, what is way above the normal, what is way out there when it comes to rental prices in this country, let alone in this city. But, no, the current leadership of the Australian Labor Party back then, inside this parliament and outside this parliament, effectively forced an agency of the government to go in there. They had choices. Why did they end up there, paying above market value? Because that deal was done back then by their political masters. Subsequently we have seen this perpetrated, and we see it going on year after year to a point where this particular bill mounts up.

You will never have any credibility in financial management till you fix this lease up. And every year that goes by will be another reminder to the people of Australia that there is a monument called Centenary House, owned by John Curtin House Ltd, that is in fact a monument to the ineptitude in financial management of this Leader of the Opposition because he fails to do something about it now. If he does not do it, every year that reminder will come forward, particularly on the anniversary of the lease—23 September. Every year, nine per cent compounding up to a point where, when it gets towards the end of the lease in 2007—not too far away—it will be somewhere over \$1,300 per square metre per annum. All I can say is that there is probably going to be no lease in the world to compare with that on a per square metre basis.

Mr Howard—World's best roting practice.

Mr FAHEY—Throw in New York, throw in Tokyo, throw in London, throw in any city you want to, and I doubt that you will find any rental comparable to the one that the Australian National Audit Office is forced, under a legal agreement with the Australian Labor Party, to pay in the case of Centenary House, in Barton in this city.

The Leader of the Opposition deserves to be censured by the Australian people—not by the coalition, by the Australian people—for his failure to do something. It is just another example of a weak, prevaricating leader who fails to take hold of what the real issues are when it comes to proper management. He fails to lead his own party and say, 'Let's put a bit of discipline in the way we do business. Let's give an example to the rest of Australia as to what is a fair thing. Let's simply sit down with the Audit Office and renegotiate this lease and let it pay what might be fair but not above what is fair.' Anything above what is fair when it comes to this lease is simply a rip-off of the Australian people, and that is what we are seeing happening in the case of this lease and what we see happening every year this lease exists.

It is fair to acknowledge that this has been the subject of considerable conjecture ever since the beginning. It should not have been because, firstly, it should never have happened and, secondly, those that have got current responsibility for the Labor Party have the capacity to fix it. They can do that very quickly. You can do that today. I am sure you can negotiate today a way of bringing this particular problem to an end simply by indicating quite clearly that you are prepared to pay a fair rental and you are prepared to renegotiate the lease. As I have indicated, unless the Leader of the Opposition takes action here, it will be just another example of the weakness of his leadership.

Mr McGauran—It's a test.

Mr FAHEY—Of course it is a test. It is a test which has so much significance attached to it, because this goes to the very heart of the Labor Party's existence. This goes to the fact that some \$4½ million a year gets paid in rental, at the moment somewhere about \$2½ million above a fair thing. God only knows how many millions of dollars above a fair thing by 2007.

Mr Howard—Yes, at nine per cent compound.

Mr FAHEY—Each year it goes up at nine per cent, compounding the whole time. This

is a question of integrity. I do not know how any member of the Labor Party can sit back on this one. I do not know how anybody can sit back on this one and indicate that they are prepared to sit here and take taxpayers' money for their own party's benefit. I do not know how you can see a situation perpetuated in the manner that this has been all of this time. If the Leader of the Opposition has not got the capacity to make the decision, if he is too weak to do it of his own volition—call caucus together and say, 'Let's put an end to this charade. Let's call the scandal quits.' No more scandals, surely. Do the decent, right thing. Don't expect the people of Australia to believe that you can manage their dollars when you are channelling so much money—\$36 million of their money at the moment—into your own party's benefit. That is the judgment that will be passed. Every day that goes by before the Leader of the Opposition takes some action in this particular area will be another indication of the Leader of the Opposition's failure to show leadership, failure to show strength. It will be an indication of what a weak leader he is.

I regret that the Audit Office did not use it as a case study. I know that it is an embarrassment to it and has been time and time again. I know that it has endeavoured to get some commonsense into this equation. I think it carries with it a stigma that the Audit Office does not need. It is an arms-length body fully supported by this government in all of the examinations which it does and yet it has hanging over its head a cloud in the form of a lease with the Australian Labor Party which puts its own credibility at risk. It is not its fault—I acknowledge that up front—but at the same time it gets no satisfaction. It makes a request—and that is all it can do—and it gets a simple reject every time. It does not get any proper hearing when it asks time and again, as it has, to get this lease renegotiated, because there is greed over there. They have set up a system of funding which is without parallel in this country's public administration. This is a one-off system for a political party that, unfortunately, carries with it all of those things that are bad. It is a rotten deal—there is no

other word for it—and the Australian people know that it is a rotten deal, and yet they have to continue to put up with it.

This is the opportunity for the Leader of the Opposition to get to his feet and say: 'Enough is enough. Let us put this charade to an end. Let us call it quits. Let us do something about it and stop ripping off the Australian people.' If the Leader of the Opposition fails to do that, he deserves to be censured, the whole Labor Party deserve to be censured and all those associated with this particular lease deserve to be censured—and I suspect that there are many on that side that had a bit to do with it back in 1993. This is his chance. If not, the consequences of censure are well deserved in this case. It is a test of leadership once again and, even more so, it is a test of integrity. If the Leader of the Opposition does not show some integrity on this occasion, then the Australian people will make that judgment and they will not forget, because I can assure you, Mr Speaker, this side of the parliament will continue to remind them.

I have been thinking about what we should do on 23 September this year—the anniversary, the day on which the price goes up again. The old cash register goes, 'Click, click, click,' and it goes up again with a big increase channelling into the coffers of the Australian Labor Party. I think we should mark down 23 September this year, and every year that this lease is in existence, and maybe call it the 'Day of Shame'. Maybe we should have a rally or something on that day that draws attention to the Australian Labor Party. I assure you, Mr Speaker, if we do have a little get-together down there that day, we will not block any member of the Labor Party from getting into Centenary House. We will not stop the Australian National Audit Office from doing its work either, but we will bring it to the attention of the Australian people.

I look around and I see the member for Fraser and I know that it must be a huge embarrassment to be a member in this city and to know that the party that he belongs to is getting such a benefit out of a shonky deal,

out of a deal which should never have been put together in the first place and which continues to take dollars off the Australian people in a most detestable way—there is no other way of describing it. However, there is an opportunity to do something about it. Perhaps the Deputy Leader of the Opposition might like to do something about it. He might like to give some advice to his leader as to what he should do about it. Maybe he is embarrassed about it. Maybe the others are embarrassed as well. The chance is there to do something about that now and to call this whole shameful episode—this scandal—quits, to bring it to an end. Do it now, because if you do not you will be judged accordingly, as you deserve to be.

I believe without the slightest doubt that this House should censure the Leader of the Opposition for his failure to bring to an end this shameful, disgraceful lease which is a rip-off of the Australian people and which will continue to be just that until 2007 unless commonsense prevails, unless decency prevails, unless leadership prevails, unless weakness disappears and strength returns and unless there is some backbone—some ticker—displayed by the Leader of the Opposition and his team. This is not just a censure of the Leader of the Opposition, this is a censure of every member of the Australian Labor Party in this place, because it reflects your standards. It reflects what you are prepared to do—set up a simple process to get easy money siphoned through a supposedly legitimate lease into the coffers of the Australian Labor Party. There has been no issue more deserving of censure than the motion before the chair at this time and I call on all members of the House to support the censure motion.

Honourable members interjecting—

Mr SPEAKER—There are members on both sides of this House who would not be occupying their seats, including the Minister for Trade, if I were to exercise the standing orders. A general warning has been issued.

Mr BEAZLEY (Brand—Leader of the Opposition) (4.07 p.m.)—Everybody who listened to this fellow, the Minister for Fi-

nance and Administration, knows that for 10 minutes he had nothing more to say on this motion. I will tell you something, Mr Speaker. I will tell you what I did about Centenary House: I put a royal commission onto Centenary House. There is no royal commission on you and advertising—not \$36 million over 15 years but \$20 million a month ripped off the Australian taxpayer. There is no royal commission on that. There is no royal commission on the advertising that we saw on the GST, those chains ads, and all of the other stuff that has gone into the \$200 million plus on that. There is no royal commission on that. There is no royal commission into the Greenfields contributions to the Liberal Party. There is no royal commission on that. There is no royal commission referenced to the \$700,000 received from HIH by the Liberal Party while they sat on recommendations for proper supervision powers for APRA when the royal commission was set up on that—no reference to the conduct of ministers and no reference to the \$700,000 received by the Liberal Party. There is no royal commission on that.

But we did put a royal commission in on Centenary House, under Justice Morling, a well-respected judge and a commissioner under you, a person appointed by you. Shall I tell you what the findings of Judge Morling were in the royal commission put in place? The findings were these:

The terms of the lease of Centenary House are reasonable and not unduly generous to the lessor. The terms of the lease were the result of arms-length negotiations between the lessor and the Australian Property Group. The advice of the Australian Valuation Office was sought before the terms of the lease were finally settled.

Elsewhere in the findings of the royal commission into the Centenary House arrangement, the independent royal commissioner, whose services as a royal commissioner have been used by the other side, said:

No party to the lease of Centenary House obtained unfair or above market commercial advantage from the lease.

No matter what might now be argued about the justification of the lease, the royal commissioner found that on the basis of compari-

son with other agreements, other arrangements, being discussed and being arrived at at the time by the Australian government. So we are entitled to ask the question in these circumstances as to why this is occurring. I am going to move an amendment to turn the censure motion into a motion dealing with the lies that were told about the GST. But before I get on to moving that amendment, as Mr Fahey, the Minister for Finance and Administration, went on I began to detect a different motive involved in all of this. At first I thought this was an attempt to embarrass the Labor Party—absurd, given that we had put a royal commission in on ourselves. I now believe—and the tip-off came about 10 to 15 minutes into his speech—that this is actually an attempt to intimidate the Auditor-General. This is saying to the Auditor-General, ‘Listen, your predecessor struck a mug’s bargain here.’ This is pique for several reasons: firstly, pique from a minister on whom the Auditor-General has found \$1 billion worth of waste on IT.

Mr Fahey interjecting—

Mr BEAZLEY—You have not had to answer questions in this place on these matters.

Mr Fahey interjecting—

Mr BEAZLEY—You have been found wanting in your administration by the Auditor-General to the tune of \$1 billion.

Mr Fahey interjecting—

Mr BEAZLEY—More immediately, what provoked this pathetic minister for finance was a report that we see here today produced by the Auditor-General about the Public Service wasting \$100 million a year on office space. This is not something that governments like to hear from auditors-general.

Mr Fahey interjecting—

Mr BEAZLEY—We listened to you in silence. You just maintain your silence while your record is dealt with. Okay, sport, maintain your silence. You were dealt with with complete courtesy, and you can operate on the same basis. You are attempting to intimidate the Auditor-General for further reasons. There are reports yet to come, and one of

those reports is going to be on the Australian sales group, and I would not mind betting that that will be coming out perhaps a bit closer to that September date that the finance minister was speaking about. In just the same way that the government have mullied the Public Service in this country, destroyed and discredited it, what they are now doing is the ultimate in the parliamentary process, and that is intimidating the Auditor-General of this country.

The government know there was a royal commission. They know the royal commissioner found that the leasing arrangement was fine. As far as practice was concerned, everything was above board. They know that. So the question arises: why do they want to drag the Auditor-General across the table in this set of circumstances? This is their blind, but it is more sinister than that. It is one thing for oppositions to complain about the behaviour of auditors-general, but when governments are firing warning shots across the bow of the Auditor-General you know that it is time to scream for their protection.

Mr Crean—It’s a cover-up.

Mr BEAZLEY—You know what is under way is a massive and substantial cover-up. In this case the cover-up is tainted with additional concerns for revenge. We all lamented it—and we still do, and we will not pursue it because we are concerned about the health implications of it—but were it not for the fact that you were, unfortunately, detained earlier this year, for the first half of this year we would have been discussing the Auditor-General’s report on IT outsourcing, your direct responsibility. The Auditor-General found incompetence worth billions, hundreds of millions, of dollars in costs to the taxpayer—a complete shambles. That is the only significant policy that this minister has been responsible for in five years in office.

And he miled it comprehensively, just as he miled the State Bank sale in New South Wales in which he claimed \$540 million value to the New South Wales taxpayer but did not tell them in the fine print so beloved

of the Liberal Party that they had also taken over debts associated with the State Bank which meant that the real net value was not \$540 million but somewhere between \$200 million and \$270 million. He also builds on that magnificent record in IT outsourcing, which has savaged the Commonwealth taxpayer to the tune of \$1 billion, the railway air link from Central to Mascot—not supposed to cost the taxpayer one red cent but which cost them \$750 million.

So what are we up to now? Let us add them all together. We have \$750 million on the railway, we have \$250 million in relation to the bank, we have \$1 billion on IT and now, apparently, we have \$100 million a year on office space. That makes \$2.1 billion from the minister for finance in incompetent public administration and on value for money. No wonder he wants to intimidate the Auditor-General. No wonder he wants to ignore the fact that a royal commission by an independent royal commissioner found, regarding the agreement that was ticked off by the then Auditor-General through the Australian Property Group with the Australian Labor Party at the time it was negotiated:

The terms of the lease of Centenary House are reasonable and not unduly generous to the lessors. The terms of the lease were the result of arms-length negotiations between the lessor and the Australian Property Group. The advice of the Australian Valuation Office was sought before the terms of the lease were finally settled.

You do not have to take the government's blackguarding of the Labor Party. You do not have to take any alleged self-interested defence by the Labor Party of itself. Just go to the royal commissioner and have a look at what the royal commissioner had to say about it, and then understand why this is being done to the Auditor-General. Understand what is at stake here: a government that makes an art form of abuse of the Public Service, that evades accountability at every point and that is guilty not of \$36 million over 15 years, which is your allegation, but of \$20 million a month of public funds—corruption on a massive scale in this country of \$20 million a month—going to govern-

ment advertising basically devoted to the Liberal Party.

You are deserving of censure. I have spent most of my 15 minutes actually talking about the issue that is before us—which is more than I can say for the Minister for Finance and Administration, who spent approximately two minutes stating the case and, after that, another 13 minutes reiterating, 'Please explain, Leader of the Opposition, what you are doing.' I have done his motion the courtesy of a lengthier discussion than he himself managed to do, but I am entitled to do a few things on my own part and so I move:

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

"the House censures the Government for breaking each of the following promises in relation to the GST:

- (1) everyone will be better off;
- (2) no small business will go to the wall;
- (3) the Tax Act will be smaller;
- (4) there will be more jobs and less unemployment;
- (5) the black economy will disappear;
- (6) the GST will not be a tax on a tax;
- (7) all over-60s will get \$1,000;
- (8) pensioners will get a 4% increase, without clawback;
- (9) health and education will be GST-free;
- (10) the Australian dollar will be worth more;
- (11) nothing will go up by the full 10%; and
- (12) petrol prices will not increase.

As every Australian now knows, you can tell it to the marines on all of that. Every Australian now knows they were lied to repeatedly. They were lied to at the outset on the never, ever promise. They were lied to on each one of those promises made to them. They are not better off and the Australian economy is not better off. This economy was growing under Labor at four per cent per annum. The growth rate has been halved, and the best that is expected of the economy is to return to the growth rate that was put in place by Labor before this government came into office. That is the best that can be expected of the GST for the economy—that Australian business, Australian consumers and Austra-

lian workers will struggle over the hump and resume a level of growth that they experienced before they had the handicap of a ball and chain tied around their ankles, the ball and chain of the goods and services tax.

But the government is Churchillian to one extent. Churchill used to say that, in wartime, truth has to be surrounded by a smoke-screen of lies. The essential truth here was that the government intended to put in place a tax to shift the tax burden to pensioners and ordinary Australian families. That was the truth. The smokescreen of lies started with a promise that it would never, ever be done to them and was followed by every piece of obfuscation that I have pointed out in the amendment that I have moved to this pathetic censure motion.

We will have a chance to vote on the government's lies. We will also have a chance, although the numbers in this parliament will determine the outcome, to draw attention to the blind being drawn across their dispute with the Auditor-General for his virulent findings on the competence of this government. But know this: there is a sinister attempt going on here to intimidate the Auditor-General, both on what he has produced on the government's management of property now and, more importantly, on what he is going to produce in the next few weeks on the sales of government properties. Don't be fooled. This is butcher's hook, big time. We have had a royal commission into our particular activities. The time has come for a royal commission on yours.

Opposition members interjecting—

Mr SPEAKER—I am waiting for an opportunity to take action under the general warning, and there have been a number of them. Is the amendment seconded?

Mr Crean—I second the amendment and reserve my right to speak.

Mrs BRONWYN BISHOP (Mackellar—Minister for Aged Care) (4.23 p.m.)—The begetting of this lease was indeed a sorry plot. It was an attempt, which turned out to be successful, to supply a permanent stream of income to the Labor Party's coffers which would not have to be subject to disclosure

and would be paid out of the taxpayers' pocket. It began with the Labor Party acquiring for free a block of land in Barton, known as lot 22. That then became the subject of an application, but hidden from the Auditor-General, for it to become a purpose-built facility for the Auditor-General's office and for the government to pay the rent, with this money to be paid to the ALP via the vehicle of Centenary House.

Mr Albanese interjecting—

Mr SPEAKER—The member for Grayndler will excuse himself from the House under the provisions of 304A.

Mrs BRONWYN BISHOP—Centenary House is owned by John Curtin House—

Mr Albanese interjecting—

Mr SPEAKER—The member for Grayndler will excuse himself from the House under the provisions of 304A.

The member for Grayndler then left the chamber.

Mr Leo McLeay—Mr Speaker, on a point of order: could I put to you that the member for Grayndler was leaving the chamber. He did not say anything—he was on his way out of the chamber. You might like to revisit your ruling, but I can assure you that he actually said nothing.

Mr SPEAKER—I can assure the Chief Opposition Whip that I was in the prime position to witness the member for Grayndler's gesticulations as he left the chamber. I call the Minister for Aged Care.

Mrs BRONWYN BISHOP—Mr Speaker, as I said—

Mr Leo McLeay—Mr Speaker, on a further point of order: I am placed in a difficult position, but should members want to wave their arms around as they walk out of the chamber it is going to be very difficult for all of us if that is going to be something for which they will be ejected—

Mr SPEAKER—The Chief Opposition Whip will resume his seat or I will deal with him. I have dealt with the member for Grayndler, who has left the chamber. I have also exercised a great deal of tolerance on

both sides of the chamber, and I do not intend that this grace should be extended any further.

Mrs BRONWYN BISHOP—As I said, this began as a plot. There was a plot by the executive of the Labor Party to create a lease whereby the Auditor-General and the rent that was paid for his accommodation would supply a perpetual flow of money to the Labor Party over a period of 15 years. It was fought tooth and nail by the Department of Finance and Administration. The department of finance gave evidence in estimates that it was prepared to see a one per cent escalator in any agreement for lease. But, no, the government of the day, which of course was the Labor government, insisted that it be a nine per cent escalator.

The point about this clause that makes it such an aberrant lease is that there is no provision in the lease at all to ever review the rent downwards. It can only ever be reviewed up, and the nine per cent annual increment is in fact a perpetual and ongoing increase for 15 years. This chart indicates what happens to the rent. The dark line on this chart indicates the amount of money that the increase in the rent will provide to the coffers of the Labor Party.

Mr Leo McLeay—Mr Speaker, on a point of order: you have ruled frequently that it is improper for members to use—

Mr SPEAKER—The Chief Opposition Whip will resume his seat. The actions of the minister have been entirely consistent with actions taken on both sides of the House during question time.

Mrs BRONWYN BISHOP—There is a second chart that shows very well precisely where the money is going. The reason that I am presenting these charts is that they were prepared by the Australian National Audit Office themselves. There was so much anger, because at the time this site was being developed—and understand how the market works with regard to this—the land was given to the Labor Party for free by the then Labor government of the ACT. They then went ahead and signed this agreement for lease, the details of which were kept silent from the

parliament, despite the fact that the Lands Acquisition Act required that the government table this agreement before the parliament. Despite the fact that I and many other people asked for it, the document was never tabled.

The problem with the Lands Acquisition Act was that, even when it was finally admitted in estimates hearings that the document should have been so tabled, there was no penalty for not having done so, and they were able to keep it secret for months and months. But the effect of signing that agreement to lease made it a bankable document. It then meant they could go to the bank, which they did, and they got a \$50 million loan. With that \$50 million loan, they then built a building, which cost them in the vicinity of \$17 million. Immediately that tenant agreement was entered into, the capital value of that building escalated to around \$34 million, because at any time it had a valid and unbreakable lease lasting for 15 years.

The rent that the Labor Party is receiving at the present time is in excess of \$4 million a year. Understand this: in the period between the last election in 1998 and the next election due this year, the Labor Party will receive in rent more than it has received through public funding for election funding. That is double the amount, out of taxpayers' pockets. By the time we get to 2007-08, it will be receiving around \$8.9 million a year. This is in respect of a building in Barton, just down near the National Press Club, which has caused the Auditor-General to be unable to pay his rent. He gave evidence in estimates hearings that he was forced into this lease, which he signed without being told that the Labor Party was the landlord and, indeed, his co-tenant—they are housed in the same building—and that he had to go to the Department of Finance to ask for top-up money, because otherwise he could not have carried out his audit function, because the money that was given to him would go in rent to the Labor Party.

The result of this has been that the Audit Office has now had to sublet, and it is now sharing with another department. It is now

sharing with the Department of Communications, Information Technology and the Arts, so the taxpayer is still paying, but that relieves the Department of Finance and Administration of the bill where it has to top up the rent because the Auditor-General's allocation is not enough to do his work of auditing the Commonwealth's agencies and departments and to pay the Labor Party their rent.

At the time that the Department of Finance finally entered into that binding agreement to lease—and here is the document—the ministers included Mr Beazley. Mr Beazley was then in a state of conflict of interest, because he was then a member of the national executive of the Labor Party, and the memorandum and articles of association of John Curtin House said that the members of the executive are the only people who can be members of the company. When all this was made public, what did they do next? They changed their memorandum and articles of association, because they knew that there was a vulnerability under section 44 of the Constitution.

But it does not end there. We used to be able to get their accounts. We used to be able to get them from ASIC. They used to be required to report because they were a related entity and they had to show that the money went to the Labor Party. Indeed, if you go back through the old documents, you will find that they guaranteed the campaign fund of the Labor Party. It is there in the documents. But they were not satisfied with that, because later on they actually moved to change the standards of accounting so that they fell into the group of people who were excluded from being a related entity that had to disclose. And guess who moved that? Paul Keating. He was also, of course, a member of the executive.

This was a plot from go to whoa. At the time that they entered into that agreement to lease, Price Waterhouse showed that the rent being paid was then excessive. The more important thing that the Minister for Finance and Administration has shown today is, of course, that the rent that is being paid now is

way above the top rent paid in the most prestigious building in—and I hate to say it for Victorians—the top city in Australia. This means, very simply, that this is a lease which was always going to be one that was unfair to the taxpayer, which is truly unconscionable, if you think about it, and it is a lease which is delivering money straight from the taxpayer via the Auditor-General into the Labor Party's pocket, into a corporation which is entirely under the control of the Labor Party and which guarantees their campaign fund—and it was designed to do that.

In excess of \$13 million has been received between elections. There is no way in the world that anyone would be able to outspend the Labor Party in the next election. There is no way. So this whole sorry, shoddy mess has resulted from the following: a block of land was given to the Labor Party by a Labor Party government in office in the ACT; the then Labor Party ministry entered into an agreement with themselves to put the Auditor-General in the invidious position of being a source of money to the Labor Party and a co-tenant in a building owned by the Labor Party. They built into this agreement an escalator clause the like of which does not exist anywhere else in Australia. There is not a lease like this anywhere else in Australia. It is a 15-year lease with a built-in nine per cent compound increase, resulting at the end of the day in rental of \$36 million over that 15-year period being paid above what would be a fair rental.

This motion was designed and moved by the Minister for Finance and Administration, because he asked that that \$36 million be repaid or, at the very least, that the Labor Party have the decency to enter into negotiations to make it a fair lease and pay back from this point of time what has been excessive. There is nothing to stop them doing it now and, if there is a shred of ethics in the Labor Party, that would be entered into now, in order to see that the taxpayer is not funding the Labor Party's total operation.

I would like to table these tables that I have drawn attention to. I would also like to

table the agreement to lease. I remind people that at the end of this debate, no matter if the Labor Party do not have the decency to renegotiate the lease, if the Labor Party got back into office what is to stop them doing another one? What is to stop them doing a second one? And, in the interim, what is to stop them using part of the \$4½ million in rent they will receive this year to pay for the Aston by-election? The fact of the matter is this: the people who are aspiring to be ministers should they win the next election are the same people who did this dirty deal and will not renegotiate it. (*Time expired*)

Mr CREAN (Hotham) (4.38 p.m.)—Two pathetic propositions have come before us today: a minister that was given the hospital pass and could not even spend the time completing his attack; and you knew the hospital pass was complete when we end up with the Minister for Aged Care seconding it. We were prepared to give consideration to this minister for his botched handling of the department, but not you—you have put him right in it.

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

Mr Reith—Mr Speaker, that comment directed to the Minister for Finance and Administration is highly offensive, and I ask for it to be withdrawn.

Mr CREAN—If the minister himself finds it offensive, I withdraw it.

Government members interjecting—

Mr SPEAKER—The House will come to order. I will deal very quickly with members on my right. The Deputy Leader of the Opposition has withdrawn the comment. He will proceed.

Mr CREAN—This is a government that comes in here arguing a case for \$36 million that has been cleared by the royal commission, and it has a political advertising campaign going on around the country for \$360 million, and rising at \$20 million a month—and it does not have any inquiry into it. What sheer hypocrisy. The Labor Party has been cleared by a royal commission, and this gov-

ernment on the last day of the parliament, just before the anniversary of its botched GST, moves this pathetic motion to avoid scrutiny of the GST. We have here the Minister for Aged Care, who has the gall to talk about political patronage when she has been stacking key positions with political appointments associated with her. That is the standard of this government: hypocrisy and political patronage. And it is driven by it.

But let us not be distracted from what the real issue is today. Sunday, 1 July, will see the GST one year old. But who is going to be celebrating? Many happy returns—again and again. Every time you put your hand in your pocket to pay a bill, John Howard and Peter Costello have got their hands in behind it taking out 10 per cent. So many people have been hurting from this GST, and they will not be thanking the government come 1 July. Even those who were prepared to support the government in relation to the GST are turning against it because it is not the tax they voted for. Its implementation has been botched, and it is being administered by a government increasingly out of touch—broken promise after broken promise.

You would have thought that the last government in the world to adopt a goods and services tax would at least get it right, but not this government. It has been led by a prime minister who has had only one vision all his life—a vision for a new tax. He has had only one idea all his life and he still could not get it right. They thought that all they had to do was get the new tax into law and then sit back waiting for Australians to all become relaxed and comfortable. What did the Prime Minister say last year: ‘Once it is in and people have got used to it—in a few months, perhaps by October or November—people will say, “What was all the fuss about?”’ We are well past October and November. At the end of the day small business has borne the brunt of the tax adventure folly; ordinary Australian families and our senior citizens have been squeezed; the economy has been slowed ahead of the rest of the world; and the budget has been blown away as policy panic has set in. To shore up their base, we have had a government

spending like a drunken sailor to try to buy the next election. I say this to the Prime Minister: trust is not for sale—it cannot be bought; it has to be earned—and advertising the past is no substitute for a vision for Australia's future.

While we are on the issue of advertising, so deceitful has this government's selling of the GST been that it is now being parodied in public advertising. We saw two interesting ads for Panadol in the last couple of weeks. This is the quote: 'Petrol and diesel prices need not rise as a result of the GST—new Panadol gel tabs are a lot easier to swallow.' We have: 'There's no way that a GST will ever be part of our policy, never, ever; it's dead—new Panadol gel tabs are a lot easier to swallow.' Then we have some other advertising for the Diners Club that talks about the GST nightmare and then talks about the dream—their solution, not the government's solution. What we have is the government having so deceived this nation that it has now gone into folklore; it is now being parodied in advertising.

There are 12 particular promises that stand out and they are contained in the amendment that the Leader of the Opposition and I have moved. We call them 'the dirty dozen', because in 12 months of the GST every one of them has been broken. I go to the amendment and I ask people in this House: does anyone really believe that everyone is better off as a result of the GST? Have they kept the second promise that was made, that no small business would go to the wall because of the GST? The third promise was that the tax act would be smaller because of the GST. I ask this House: is the tax act smaller?

Mr SPEAKER—I remind the Deputy Leader of the Opposition of the conferences that have been had between the Manager of Opposition Business and me over rhetorical questions.

Mr CREAN—Let us go through the promises. They said that unemployment would fall because of the GST—it has not. They said that the black economy would disappear—it has not; just look at the front page of the *Sydney Morning Herald*. They said

that everyone over 60 would get \$1,000—they did not deliver on that. Then, in this last budget, they gave pensioners \$300 and thought they could buy them off. That is 30 cents in the dollar. Even the HIH creditors are getting better treatment than that, but not the pensioners of this country from this government. They also said that pensioners would get a four per cent increase without clawback, and it was clawed back. They said that education and health would be GST free—they are not. They said that the Australian dollar would be worth more—it has gone down since the GST came in. They said that nothing would cost more than 10 per cent—there is a litany of prices that have gone up by 10 per cent or more. They said that petrol prices would not increase because of the GST, but we know that that sneaky little trick of not giving the deduction in excise that they should have given as a result of the GST coming in resulted in motorists being slugged by this government. The final promise that they made was that there would not be a tax on a tax. Ask anyone who has to pay an insurance premium; ask anyone who has to pay for petrol. There are taxes on taxes by this government on everyday items. It is a continuing deceit. It is no wonder that they want to avoid this debate today in this parliament. It is no wonder that they want to come in with a sham excuse to try and move a censure, and expose the Minister for Finance and Administration, who himself has presided over a department that has seen \$1 billion of supposed savings disappear because he has botched the implementation of the IT outsourcing.

It is also true that this government wants to rely on the fact that it is a better economic manager. Let us go to the impact of the GST, because not only has it hurt ordinary Australians and not only has it hurt the economy—it has mugged the economy and it has cut the growth rate in half since the GST came in—but it has also hurt the budget. The scrutiny of the economic commentators shows that this is a high taxing treasurer who has presided over the worst fiscal deterioration in Australian history. The government is not only doing damage to families but it is doing

it to the budget. When you damage to the budget, you take away choices. Budgets are about choices. Surpluses are about deciding whether you invest in the schools or the hospitals. This government has eroded the capacity for that. Six months ago, this government was forecasting that the cumulative surplus to be able to be spent over the next three years was \$27 billion. When the budget came down, it was reduced to a mere \$7 billion. What sort of a spending spree is that? That is \$20 billion blown in the space of six months to shore up the GST—not because of any conviction. Remember how they fought to stop our attack on them on petrol prices? They said it could not be done. They were forced into the backflip. They said the same about beer excise. This is a government that does not do these things by conviction, it does them to save its political hide.

Their preferred modeller Chris Murphy has already shown that the impact of the government's budget is that interest rates are around one per cent higher than they otherwise would be, because of their poor fiscal management. Now we have heard the minister, who has led this censure today, talking about the Labor Party being into shonky deals. He is into the 'rainy day fund'—the contingency reserve, his hollow log, to fund the promises that they keep making on the run. This is 1982 all over again. This is Prime Minister Howard doing to Treasurer Costello what Prime Minister Fraser did to Treasurer Howard back in 1982.

Over the last few months, \$20 billion has been blown—wasted in a pathetic and totally unsuccessful attempt to get back public support—and we have the economic writers now seriously attacking this government's economic record. We hear the government of the day saying that they have a better economic record than we do. That is not the conclusion of Stephen Koukoulas of the *Financial Review*, who conducted an exercise recently and concluded that Labor was the superior economic performer in government. That article of his stimulated much feedback, so he wrote another one on 25 June saying:

... the bulk of the feedback suggests that macro-economic management at the government level is

mainly about economic growth and job creation, aided by a vibrant business sector. On these counts, the record over the past 25 years suggests that the ALP delivers significantly stronger outcomes than the Coalition.

How out of touch can this government be when it boasts of paying off the nation's debt while the debt burden on Australian households just keeps growing? The policies of the Howard-Costello government and its economic management have resulted in greater household indebtedness. Under the economic watch of this coalition, household debt has climbed to over \$480 billion, an increase of 75 per cent. The household debt ratio—that is, the debt as a proportion of household income—has climbed to over 110 per cent. What does that mean? It means that Australians, on average, now owe more than they earn. Credit card debt has climbed by more than 165 per cent under this government; not to mention foreign debt, which is now over \$315 billion, up by nearly 65 per cent under the treasurership and prime ministership of this government. The foreign debt to GDP ratio is now at a record high.

Whilst this indebtedness has been skyrocketing, the Australian Statistician recently revealed that the rate of household savings—an indicator of what John Howard used to say enabled people to put food on the table—has hit a record low. When Labor left office, Australians on average saved \$5 in every \$100. Today it is just 70c. So when they hear the Prime Minister and the Treasurer ranting about how good things are, how the GST is behind them, how we are living in a time of economic prosperity, is it any wonder that these people say, 'Why am I being hurt so hard?' It is because they have been forced into debt by the economic mismanagement of this government imposing upon them a GST that it told them would make them better off and which they are increasingly finding makes them worse off. This is a government that is seeking to avoid this crucial issue as we approach the anniversary—(*Time expired*)

Mr SPEAKER—I call the honourable member for Calare.

Mr Emerson—Thank you, Mr Speaker—

Mr SPEAKER—I remind the member for Rankin that he does not yet have the call. In fact, I have given the call to the member for Calare.

Mr McMullan—Mr Speaker—

Mr SPEAKER—If anyone has priority, it would be the Manager of Opposition Business. I call the Manager of Opposition Business.

Mr McMullan—Mr Speaker, I seek clarification from you of the circumstances. I respect the rights of Independent members to speak, but I am trying to clarify the circumstances in which the member for Calare has been given the call. Is he speaking in support of the motion and therefore, in effect, taking a government spot in the speakers' list, or why was he otherwise called in advance of an opposition member? We have here a motion of censure of the Leader of the Opposition, and therefore—

Mr SPEAKER—The Manager of Opposition Business will resume his seat. The Manager of Opposition Business is perfectly well aware that, as the occupier of the chair, I know not whether anyone is going to speak for or against a motion, regardless of which side I call them from. The member for Calare, as an Independent member, rose and it therefore seemed entirely proper for me to call him. No-one had risen on my right, and so I took the action that the chair is obliged to take and called someone rising on my left, in this case the member for Calare.

Mr ANDREN (Calare) (4.55 p.m.)—Mr Speaker, I was not aware there was another opposition speaker. I would be quite happy to wait until—

Mr SPEAKER—The member for Calare has the call.

Mr ANDREN—Thank you, Mr Speaker. My apologies to the opposition. I did not realise you had another speaker, and I would have liked to have somehow summed up this debate by listening to all sides. That was certainly my intention.

The Curtin House lease is a disgrace. These graphs that have been given to me by the government and everything that they in-

dicade are disgraceful. So the public should be rightfully outraged by them, but no more outraged than they should be about the hypocrisy of this very debate and the abuse and misuse of public funds over many years. The scramble for the high moral ground in this debate would be laughable if it were not so serious. How any side can honestly debate the use or abuse of public funds leaves me absolutely flabbergasted, given the election funding rorts that operate in this country, the pork-barrelling politics on both sides, the abuse of public money in the so-called government advertising that occurs—whether it be by the last government or this—and the use of staff and ministerial entitlements for blatant political campaigning.

Out of today's newspaper we have the story—which could apply equally to either side of politics—that the federal government has again been accused of using taxpayers' money to send out party propaganda in a mail-out to an electorate for next month's Aston by-election. Victorian Liberal senator Kay Patterson used part of her \$28,000 communications allowance to send letters to electors in Aston advocating a vote for the Liberal candidate in the by-election caused by the death of Liberal member Peter Nugent. The allowance is intended to cover the cost of printing and postage to carry out electoral and parliamentary business. It is not supposed to be used for party business. The multiple abuse of entitlements multiplied by the past 20 years I believe would even exceed the cost of this lease arrangement that the former government entered into with the Audit Office. As I said, the sort of situation detailed in today's newspapers applies equally to either side of politics. So let us get real.

The hypocrisy of both sides in their handling of the age 55 superannuation bill for members of parliament, due to be rushed through the Senate this afternoon, cementing in place the use of public money to top up superannuation by a factor of 69 per cent, underlines the hypocrisy of this whole debate. This debate is hardly worth, I would suggest, the two or three minutes that I have given it.

Motion (by **Mr Reith**) put:
That the question be now put.
The House divided. [5.03 p.m.]
(Mr Speaker—Mr Neil Andrew)

Ayes.....	73
Noes.....	<u>63</u>
Majority.....	10

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Charles, R.E.	Costello, P.H.
Downer, A.J.G.	Draper, P.
Elson, K.S.	Entsch, W.G.
Fahey, J.J.	Fischer, T.A.
Forrest, J.A. *	Gallus, C.A.
Gambaro, T.	Gash, J.
Georgiou, P.	Haase, B.W.
Hardgrave, G.D.	Hawker, D.P.M.
Hockey, J.B.	Howard, J.W.
Hull, K.E.	Jull, D.F.
Kelly, D.M.	Kelly, J.M.
Kemp, D.A.	Lawler, A.J.
Lieberman, L.S.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
May, M.A.	McArthur, S. *
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nehl, G. B.
Nelson, B.J.	Neville, P.C.
Prosser, G.D.	Pyne, C.
Reith, P.K.	Ronaldson, M.J.C.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Slipper, P.N.	Southcott, A.J.
St Clair, S.R.	Stone, S.N.
Sullivan, K.J.M.	Thompson, C.P.
Thomson, A.P.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Worth, P.M.	

NOES

Adams, D.G.H.	Beazley, K.C.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.

Crean, S.F.	Crosio, J.A.
Danby, M.	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Gerick, J.F.	Gibbons, S.W.
Gillard, J.E.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Hoare, K.J.	Hollis, C.
Irwin, J.	Jenkins, H.A.
Kernot, C.	Kerr, D.J.C.
Lawrence, C.M.	Lee, M.J.
Livermore, K.F.	Macklin, J.L.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Morris, A.A.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, G.M.	O'Keefe, N.P.
Plibersek, T.	Price, L.R.S.
Quick, H.V.	Roxon, N.L.
Rudd, K.M.	Sawford, R.W. *
Sciacca, C.A.	Sercombe, R.C.G. *
Short, L.M.	Sidebottom, P.S.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.Zahra,	Wilkie, K.

PAIRS

Wooldridge, M.R.L.	Horne, R.
Somlyay, A.M.	Latham, M.W.

* denotes teller

Question so resolved in the affirmative.

Question put:

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

The House divided. [5.07 p.m.]
(Mr Speaker—Mr Neil Andrew)

Ayes.....	72
Noes.....	<u>63</u>
Majority.....	9

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.

Charles, R.E.
 Draper, P.
 Entsch, W.G.
 Fischer, T.A.
 Gallus, C.A.
 Gash, J.
 Haase, B.W.
 Hawker, D.P.M.
 Howard, J.W.
 Jull, D.F.
 Kelly, J.M.
 Lawler, A.J.
 Lindsay, P.J.
 Macfarlane, I.E.
 McArthur, S *
 Moylan, J. E.
 Nehl, G. B.
 Neville, P.C.
 Pyne, C.
 Ronaldson, M.J.C.
 Schultz, A.
 Secker, P.D.
 Southcott, A.J.
 Stone, S.N.
 Thompson, C.P.
 Truss, W.E.
 Vaile, M.A.J.
 Wakelin, B.H.
 Williams, D.R.

NOES

Adams, D.G.H.
 Bevis, A.R.
 Burke, A.E.
 Corcoran, A.K.
 Crean, S.F.
 Danby, M.
 Ellis, A.L.
 Evans, M.J.
 Ferguson, M.J.
 Gerick, J.F.
 Gillard, J.E.
 Hall, J.G.
 Hoare, K.J.
 Irwin, J.
 Kernot, C.
 Lawrence, C.M.
 Livermore, K.F.
 Martin, S.P.
 McFarlane, J.S.
 McMullan, R.F.
 Morris, A.A.
 Murphy, J. P.
 O'Connor, G.M.

Costello, P.H.
 Elson, K.S.
 Fahey, J.J.
 Forrest, J.A *
 Gambaro, T.
 Georgiou, P.
 Hardgrave, G.D.
 Hockey, J.B.
 Hull, K.E.
 Kelly, D.M.
 Kemp, D.A.
 Lieberman, L.S.
 Lloyd, J.E.
 May, M.A.
 McGauran, P.J.
 Nairn, G. R.
 Nelson, B.J.
 Prosser, G.D.
 Reith, P.K.
 Ruddock, P.M.
 Scott, B.C.
 Slipper, P.N.
 St Clair, S.R.
 Sullivan, K.J.M.
 Thomson, A.P.
 Tuckey, C.W.
 Vale, D.S.
 Washer, M.J.
 Worth, P.M.

Beazley, K.C.
 Brereton, L.J.
 Byrne, A.M.
 Cox, D.A.
 Crosio, J.A.
 Edwards, G.J.
 Emerson, C.A.
 Ferguson, L.D.T.
 Fitzgibbon, J.A.
 Gibbons, S.W.
 Griffin, A.P.
 Hatton, M.J.
 Hollis, C.
 Jenkins, H.A.
 Kerr, D.J.C.
 Lee, M.J.
 Macklin, J.L.
 McClelland, R.B.
 McLeay, L.B.
 Melham, D.
 Mossfield, F.W.
 O'Byrne, M.A.
 O'Keefe, N.P.

Plibersek, T.
 Quick, H.V.
 Rudd, K.M.
 Sciacca, C.A.
 Short, L.M.
 Smith, S.F.
 Swan, W.M.
 Thomson, K.J.Zahra,

Price, L.R.S.
 Roxon, N.L.
 Sawford, R.W *
 Sercombe, R.C.G *
 Sidebottom, P.S.
 Snowdon, W.E.
 Tanner, L.
 Wilkie, K.

PAIRS

Wooldridge, M.R.L.
 Somlyay, A.M.
 * denotes teller

Question so resolved in the affirmative.

Original question put:

That the motion (**Mr Fahey's**) be agreed to.

The House divided. [5.10 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes.....	72
Noes.....	<u>63</u>
Majority.....	9

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Charles, R.E.	Costello, P.H.
Draper, P.	Elson, K.S.
Entsch, W.G.	Fahey, J.J.
Fischer, T.A.	Forrest, J.A *
Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hawker, D.P.M.	Hockey, J.B.
Howard, J.W.	Hull, K.E.
Jull, D.F.	Kelly, D.M.
Kelly, J.M.	Kemp, D.A.
Lawler, A.J.	Lieberman, L.S.
Lindsay, P.J.	Lloyd, J.E.
Macfarlane, I.E.	May, M.A.
McArthur, S *	McGauran, P.J.
Moylan, J. E.	Nairn, G. R.
Nehl, G. B.	Nelson, B.J.
Neville, P.C.	Prosser, G.D.
Pyne, C.	Reith, P.K.
Ronaldson, M.J.C.	Ruddock, P.M.
Schultz, A.	Scott, B.C.

Secker, P.D.	Slipper, P.N.
Southcott, A.J.	St Clair, S.R.
Stone, S.N.	Sullivan, K.J.M.
Thompson, C.P.	Thomson, A.P.
Truss, W.E.	Tuckey, C.W.
Vaile, M.A.J.	Vale, D.S.
Wakelin, B.H.	Washer, M.J.
Williams, D.R.	Worth, P.M.

NOES

Adams, D.G.H.	Beazley, K.C.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.
Danby, M.	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Gerick, J.F.	Gibbons, S.W.
Gillard, J.E.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Hoare, K.J.	Hollis, C.
Irwin, J.	Jenkins, H.A.
Kernot, C.	Kerr, D.J.C.
Lawrence, C.M.	Lee, M.J.
Livermore, K.F.	Macklin, J.L.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Morris, A.A.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, G.M.	O'Keefe, N.P.
Pliberssek, T.	Price, L.R.S.
Quick, H.V.	Roxon, N.L.
Rudd, K.M.	Sawford, R.W *
Sciacca, C.A.	Sercombe, R.C.G *
Short, L.M.	Sidebottom, P.S.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.Zahra,	Wilkie, K.

PAIRS

Wooldridge, M.R.L.	Horne, R.
Somlyay, A.M.	Latham, M.W.

* denotes teller

Question so resolved in the affirmative.

Mr Emerson—Mr Speaker, I seek leave to table these documents on the government's streamlined new tax system for a new century.

Leave not granted.

QUESTIONS TO MR SPEAKER

House of Representatives: Tabling of Papers

Mr SPEAKER (5.14 p.m.)—Yesterday the member for Chifley asked me a question about the tabling of papers. By resolution of the House on 9 December 1987, the House endorsed a Procedure Committee recommendation and authorised a member to present papers as listed on the circulated schedule. The schedule is to be made available by 12 noon on each sitting day to the Manager of Opposition Business and circulated to members at the first opportunity.

As I understand it, the list of papers to be tabled in the House is provided by the Table Office to attendants and is placed on members' seats along with the daily program—the blue—prior to the House sitting each day. The time for the presentation of papers in the House is provided for in the routine of business and takes place following questions without notice each sitting Tuesday, Wednesday and Thursday. If the member for Chifley wishes to have access to the papers earlier, he may wish to take the matter up with the government.

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (5.14 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr BEAZLEY—Yes, I have been misrepresented.

Mr SPEAKER—Please proceed.

Mr BEAZLEY—During question time, the Treasurer and the Minister for Education, Training and Youth Affairs—from my recollection—stated that an article in the paper by Professor Marginson constituted Labor Party policy. It constitutes no such thing.

Mr SPEAKER—The Leader of the Opposition must indicate that he has been misrepresented.

Mr BEAZLEY—That it was my policy was the accusation. It is no such thing. He is

responsible for reports he writes to us, not for anything else he has to say about politics.

Mr SPEAKER—The Leader of the Opposition has made his point and will resume his seat.

QUESTIONS TO MR SPEAKER

Constitution: Section 28

Mr KELVIN THOMSON (5.14 p.m.)—Mr Speaker, section 28 of the Constitution provides that the House of Representatives may continue for three years from the first meeting of the House and no longer. My understanding is that the first meeting of this House was on 10 November 1998. I draw to your attention, as we rise for the break, that the parliamentary sittings schedule shows that we are scheduled to sit this year in the week commencing 19 November, the week commencing 3 December and the week commencing 10 December. I request that you investigate whether this is indeed the case and, if it is the case, that you contact the Leader of the House and, if he is in agreement, that you ask the government to issue a revised set of sitting dates which is not unconstitutional for the rest of the year.

Mr SPEAKER—Insofar as the sitting day schedule is concerned, I do not intend to take any action. This House never has and never would sit in an unconstitutional way. Furthermore, I would have thought that the provision of additional sitting days merely anticipates that there will be a government throughout 2001 and that the government of the day will determine its appropriate sitting time.

Mr Reith—Mr Speaker, may I, by way of indulgence, just answer that question further.

Mr SPEAKER—The Leader of the House may think that the question was addressed to him, although I hope I have wound the matter up.

Mr Reith—I just want to say that we have followed the precedent of all previous governments. It is otherwise a trivial point.

Questions on Notice

Mr KELVIN THOMSON (5.16 p.m.)—Mr Speaker, under standing order 150, I ask that you write to the Minister for Health and

Aged Care and ask for reasons for the delay in answering question No. 404 asked on 10 February 1999—some 26 months ago—concerning government advertising.

Mr SPEAKER—I will follow up the matter raised by the member for Wills under standing order 150 as the standing orders provide.

BUSINESS

Mr McMULLAN (Fraser—Manager of Opposition Business) (5.17 p.m.)—Mr Speaker, could the Leader of the House please clarify the proposed arrangements for sitting tonight. For example, when will the dinner break be and will there be an extended adjournment? I realise that he probably cannot tell us when we are going to finish, but he might at least tell us when we are going to get a break in the process and whether we are going to have an extended adjournment debate at some stage? Can he clarify any of those matters?

Mr SPEAKER—I am prepared to address that question to the Leader of the House, as I am sure that all members would like to know what is anticipated, although it is hard to predict for the evening.

Mr REITH (Flinders—Leader of the House) (5.18 p.m.)—I understand that it is intended to have a dinner break between 6 p.m. and 8.30 p.m. I assume that has been agreed to by the Chief Opposition Whip, or he is about to agree to it.

Mr Leo McLeay—If you are happy with that, I am happy with that.

Mr REITH—I am pleased to advise that we have just come to an agreement on that matter. It is intended to resume debate on some legislation that we have before us. That should also be a matter of discussion between the whips. In accordance with past practice, subject to those matters being dealt with, some form of extended adjournment would be in the interests of all members who wish to raise matters relevant to their electorates. As to the likely timing of our sitting tonight, the last word during question time was, 'Don't think you'll get away before midnight.' My general view on this is that, if

we can finish tonight—whatever hour—most people would prefer that so that they can get on their way tomorrow. We will work on that basis.

Mrs Crosio interjecting—

Mr SPEAKER—The member for Prospect forgets so quickly her status.

Mr REITH—In response to the understandable interjections, I appreciate that there is the swearing in tomorrow, but I know there are some members who, for one reason or another, have other commitments. We will work generally on that basis, but I can assure the House that I will continue to consult with the Manager of Opposition Business, and we will try to update people. I will see if I can make a statement at 6 p.m. with the latest information and again at 8.30 p.m., when we might have a better idea. You might like to listen in to ‘channel parliament’ on the radio, and we will give you an answer as best we can.

QUESTIONS TO MR SPEAKER

Parliament House: Catering Contract

Mr BEVIS (5.20 p.m.)—Mr Speaker, I have a question to you that follows on from my earlier questions to you that I asked in relation to the staff at the staff dining room and the Queen’s Terrace cafe and the change that has recently occurred with the tender—

Mr SPEAKER—May I interrupt just briefly to ask whether the member for Brisbane received the correspondence I referred to yesterday.

Mr BEVIS—Yes, yesterday afternoon after question time. I was going to thank you. It was hand delivered to my office and I thank you for that. My question follows on from the information contained in your response. I noticed that only nine out of 18 of the staff who wished to continue in employment apparently have been able to do so. I did earlier seek advice, and I think it would be desirable for the parliament to be informed whether staff conditions have been maintained and whether or not those people who are serving us and fellow occupants of this building in the staff canteen are being

paid less money this week than they were last week for doing exactly the same job.

I noticed also that some of the staff who have quite extensive years of service, including up to 18 and 20 years of service, are not able to transfer their previous employment entitlements across. They are required to resign their previous employment and therefore, in some cases, they may lose entitlements or, in other cases, have them paid out. Mr Speaker, I seek your advice, as Presiding Officer in the chamber and on behalf of the parliament, as to whether or not that is regarded as a fair and proper way in which to treat staff who have served the occupants of the parliament very well for a very considerable length of time. I ask if you could possibly inquire about those matters and provide some advice to me or the parliament as appropriate.

Mr SPEAKER—Can I reassure the House—I think the member for Brisbane is aware of this—that from memory, while nine people obtained positions among the 18, the others were also offered positions, not in Parliament House but in other outlets with their employer. I will confirm that. I cannot answer the question as to what their pay and conditions are. I will make inquiries and report back to him in the first instance, and to the House, if he and I feel that should happen.

PERSONAL EXPLANATIONS

Mr HOLLIS (Throsby) (5.23 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr HOLLIS—Yes, on two occasions.

Mr SPEAKER—Please proceed.

Mr HOLLIS—In the Main Committee earlier today, the member for Gilmore in a speech made the claim that my staff are unhappy because I have been beaten in a pre-selection. I do not know the unhappiness or not of my staff, but after the last election I made it clear to members of the ALP that I was not standing again—

Opposition members interjecting—

Mr HOLLIS—A great loss—but when preselection was called for the seat of Throsby I did not nominate.

Mr SPEAKER—The member for Throsby is stretching the point of a personal explanation. If he has a second one to come to I would appreciate it.

Mr HOLLIS—The second one is even more serious, Mr Speaker, especially after some of the comments that have been raised here today. The member said that my staff and my office resources had been turned over to the Labor candidate standing for Gilmore and that the people of Throsby are missing out on the services they are paying for. Mr Speaker, I and my staff continue to give the people of Throsby the service we have been renowned for.

QUESTIONS TO MR SPEAKER

House of Representatives: Tabling of Papers

Mr PRICE (5.24 p.m.)—Mr Speaker, I thank you for your response to one of the two questions I asked you yesterday. Could I draw your attention to page 27129 of *Hansard* wherein I asked you a second question:

The second thing is this: if you are a senator, most of those reports are available from 9 a.m. If you are interested in a report as a member, you have to wait until after they are tabled quite late in the afternoon ...

I asked you:

Would you investigate that for me—

and I may have been presumptuous but I also said—

and for all other honourable members so that the practice might be harmonised and we are not discriminated against?

Mr Speaker, I find it intolerable that senators have access to reports before members of the House of Representatives—

Mr SPEAKER—The member for Chifley will resume his seat. I draw the member for Chifley's attention to my reply to him delivered about 10 minutes ago. I said:

If the member for Chifley wishes to have access to the papers earlier, he may wish to take the matter up with the government.

PERSONAL EXPLANATIONS

Mr ZAHRA (McMillan) (5.25 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ZAHRA—Yes.

Mr SPEAKER—Please proceed.

Mr ZAHRA—The Minister for Forestry and Conservation, making reference to a question that I had asked the Deputy Prime Minister two days ago—

Mr Tuckey interjecting—

Mr SPEAKER—The Minister for Forestry and Conservation!

Mr ZAHRA—regarding the structural adjustment package which had been provided to Wide Bay but not to the Latrobe Valley, said in question time:

The member for McMillan gets up in this place yesterday. He did not care about his local people.

Mr Tuckey—That is not what I said.

Mr ZAHRA—This is in *Hansard*.

Mr Tuckey interjecting—

Mr SPEAKER—The Minister for Forestry and Conservation! The member for McMillan has the call. I have not interrupted the member for McMillan. I do not need a gesture of exasperation on his part. I simply need him to respond to the issue of misrepresentation.

Mr ZAHRA—It is not a gesture of exasperation directed towards you, Mr Speaker.

Mr SPEAKER—Thank you.

Mr ZAHRA—The Latrobe Valley has unacceptably high unemployment.

Mr SPEAKER—The member for McMillan must indicate where he has been misrepresented.

Mr ZAHRA—And I am, Mr Speaker. The reason that I raised it in this House is that I care so much about the people who live in the Latrobe Valley.

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

Opposition members interjecting—

Mr SPEAKER—I think it would suit my procedures very nicely to remind members of the standing orders in a tangible way. The term ‘members’ is not exclusive.

BUSINESS

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

That standing order 48A (adjournment and next meeting) and standing order 103 (new business) be suspended for this sitting.

QUESTIONS TO MR SPEAKER

Questions on Notice

Ms O’BYRNE (5.28 p.m.)—Mr Speaker, in light of the comments the Prime Minister made earlier this week about domestic violence, I ask that you write to the Prime Minister under standing order 150 to answer my question regarding domestic violence, No. 1449, tabled on 13 April 2000.

Mr SPEAKER—I will follow up the request as the standing orders provide.

Questions on Notice

Ms JANN McFARLANE (5.29 p.m.)—Mr Speaker, I also ask you, under standing order 150, to write to the Treasurer and ask him the reasons why there has been a delay in the answer to my question No. 2527 of 5 April 2001.

Mr SPEAKER—I will follow up the request as the standing orders provide.

House of Representatives: Tabling of Papers

Mr PRICE (5.29 p.m.)—Mr Speaker, could you ask perhaps the Clerk to investigate procedures that would allow members of the House to have access to reports of departments and statutory office holders at the same time as senators?

Mr SPEAKER—I have indicated what I propose to do. I will look at the member for Chifley’s request, but there is no obligation on the House to dovetail its actions with the Senate, or on the Senate to dovetail its actions with the House. They are two separate chambers. I will, however, look at the member for Chifley’s request.

COMMITTEES

Reports: Government Responses

Mr SPEAKER—For the information of honourable members, I present a schedule of outstanding government responses to reports of the House of Representatives and joint committees, incorporating reports tabled and details of government responses made in the period between 7 December 2000, the date of the last schedule, and 27 June 2001. Copies of the schedule are being made available to honourable members and it will be incorporated in *Hansard*.

THE SPEAKER’S SCHEDULE OF OUTSTANDING GOVERNMENT RESPONSES TO REPORTS OF HOUSE OF REPRESENTATIVES AND JOINT COMMITTEES

(also incorporating reports tabled and details of Government responses made in the period between 7 December 2000, the date of the last schedule, and 27 June 2001)

June 2001

THE SPEAKER’S SCHEDULE OF OUTSTANDING GOVERNMENT RESPONSES TO COMMITTEE REPORTS

On 27 June 2001, the Government presented its response to a schedule of outstanding Government responses to parliamentary committee reports tabled in the House of Representatives on 7 December 2000. The Government had earlier in the Parliament affirmed its commitment to respond to relevant parliamentary committee reports presented during the present Parliament within three months of their presentation and to clear, as soon as possible, the backlog of reports arising from previous Parliaments.

The Government’s commitment follows the undertaking by successive Governments to respond to parliamentary committee reports in a timely fashion. In 1978 the Fraser Government implemented a policy of responding in the House by ministerial statement within six months of the tabling of a committee report. In 1983, the Hawke Government reduced this response time to three months but continued the practice of responding by ministerial statement. The Keating Government generally responded by

means of a letter to a committee chair, with the letter being tabled in the House at the earliest opportunity.

The attached schedule lists committee reports tabled and Government responses to House and joint committee reports made since the last schedule was presented on 7 December 2000. It also lists reports for which the House has received no Government response. A schedule of outstanding responses will continue to be presented at approximately six monthly intervals, in the last sitting weeks of the winter and spring sittings.

The schedule does not include advisory reports on bills introduced into the House of Representatives unless the reports make recommendations which are wider than the provisions of the bills and which could be the subject of a government response. The Government's response to these reports is apparent in the resumption of consideration of the relevant legislation by the House. Also not included are reports from the Parliamentary Standing Committee on Public Works, the House of Representatives Committee of Members' Interests, the Committee of Privileges, the Publications Committee and the Selection Committee. Government responses to reports of the Public Works Committee are normally reflected in motions for the approval of works after the relevant report has been presented and considered.

Reports of the Joint Committee of Public Accounts and Audit primarily make administrative recommendations but may make policy recommendations. A government response is required in respect of such policy recommendations made by the committee. However, responses to administrative recommendations are made in the form of an Executive Minute [until recently a Finance Minute] provided to, and subsequently tabled by, the committee. Agencies responding to administrative recommendations are required to provide an Executive Minute within 6 months of tabling a report. The committee monitors the provision of such responses.

The entry on this list for a report of the committee containing only administrative recommendations is annotated to indicate that the response is to be provided in the form of Executive Minute. Consequently, any other government response is not required. Any reports containing policy recommendations are listed as requiring a government response.

June 2001

Description of Report	Date Tabled or Published ¹	Date of Government Response ²	Responded in Period Specified ³
Aboriginal and Torres Strait Islander Affairs (House, Standing)			
Unlocking the Future: The Report of the Inquiry into the Reeves Review of the Aboriginal Land Rights (Northern Territory) Act 1976	30-08-99	No response to date ⁴	No
Australian Security Intelligence Organisation (Joint, Statutory)			
ASIO's public reporting	04-09-00	No response to date ⁵	No
Communications, Transport and the Arts (House, Standing)			
Back on Track: Progress in rail reform	11-05-01	Period has not expired ⁶	-
Beyond the Midnight Oil: Managing Fatigue in Transport	9-10-00	No response to date ⁷	No
Regional radio racing services: Inquiry into the impact of the decision by ABC Radio to discontinue its radio racing service	26-06-00	No response to date ⁸	No

Description of Report	Date Tabled or Published ¹	Date of Government Response ²	Responded in Period Specified ³
Corporations and Securities (Joint, Statutory)			
'Shadow Ledgers' and the provisions of bank statements to customers	3-10-00	No response to date ⁹	No
Draft Financial Services Reform Bill Report, incorporating a dissenting report	14-08-00	29-03-01	No
Matters arising from the Company Law Review Act 1998	21-10-99	15-12-00	No
Economics, Finance and Public Administration (House, Standing)			
The Centenary of Federation Hearing: Review of Reserve Bank of Australia Annual Report 1999-2000	25-06-01	Period has not expired ⁶	-
International financial markets: Friends or Foes?	26-03-01	No response to date	No
Review of the Reserve Bank of Australia annual report 1999-00: Interim Report: The Wagga Wagga Hearing	05-03-01	No response to date	No
Review of the Australian Prudential Regulation Authority: Who will guard the guardians?	06-11-00	No response to date ¹⁰	No
Review of the ANAO audit report 37 1998-1999 on the management of tax file numbers	28-08-00	No response to date ¹¹	No
Electoral Matters (Joint, Standing)			
User friendly, not abuser : Inquiry into the Integrity of the Electoral Roll	18-06-01	Period has not expired ⁶	-
The 1998 federal election: Inquiry into the conduct of the 1998 federal election and matters related thereto	26-06-00	01-03-01	No
Employment, Education and Workplace Relations (House, Standing)			
Shared Endeavours: Inquiry into employee share ownership in Australian enterprises	9-10-00	No response to date ⁷	No
Age Counts: Inquiry into issues specific to mature-age workers	14-08-00	No response to date ¹²	No
Environment and Heritage (House, Standing)			
Coordinating Catchment Management	26-02-01	No response to date	No
Family and Community Affairs (House, Standing)			
Health is life: Inquiry into indigenous health	05-06-00	22-05-01	No

Description of Report	Date Tabled or Published ¹	Date of Government Response ²	Responded in Period Specified ³
Foreign Affairs, Defence and Trade (Joint, Standing)			
Second Australian Government Loan to Papua New Guinea: Variation to Loan Agreement	25-06-01	Period has not expired ⁶	-
Australia's Role in United Nations Reform	25-06-01	Period has not expired ⁶	-
Visits to immigration detention centres	18-06-01	Period has not expired ⁶	-
Rough Justice? An Investigation into allegations of Brutality in the Army's Parachute	11-04-01 ¹³	Period has not expired ⁶	-
Second Australian Government Loan to Papua New Guinea	02-04-01	Period has not expired ⁶	-
Conviction with Compassion: A report on Freedom of Religion and Belief	27-11-00	No response to Date ¹⁴	No
Australian Government Loan to Papua New Guinea	30-10-00	08-03-01	No
From Phantom to Force: Towards a more efficient and effective army	04-09-00	No response to date ¹⁵	No
Building Australia's Trade Investment Relationship with South America	04-09-00	24-05-01	No
Military justice procedures in the Australian Defence Force	21-06-99	05-04-01	No
Australia's trade relationship with India	29-06-98	01-03-01	No
Funding Australia's Defence	08-05-98	29-03-01	No
Australia and ASEAN: Managing Change	06-04-98	01-03-01	No
Legal and Constitutional Affairs (House, Standing)			
Cracking down on copycats: enforcement of copyright in Australia	04-12-00	No response to date	No
The third paragraph of section 53 of the Constitution	30-11-95	No response to date ¹⁶	No
In Confidence: the protection of confidential personal and commercial information held by the Commonwealth	26-06-95	No response to date ¹⁷	No
Migration (Joint, Standing)			
2001 Review of Migration Regulation 4.31B	18-06-01	Period has not expired ⁶	-
Review of Migration Legislation Amendment Bill (No.2) 2000	9-10-00	07-02-01 ¹⁸	No
Not the Hilton-Immigration detention centres: Inspections report	04-09-00	No response to date ¹⁹	No

Description of Report	Date Tabled or Published ¹	Date of Government Response ²	Responded in Period Specified ³
National Capital and External Territories (Joint, Standing)			
Island to islands: Communications with Australia's external territories	22-03-99	01-03-01	No
National Crime Authority (Joint, Statutory)			
Witnesses for the Prosecution: Protected Witnesses in the National Crime Authority	6-9-00	A response is not required ²⁰	N/A
Street Legal: The involvement of the National Crime Authority in controlled operations	06-12-99	29-03-01	No
Third evaluation of the National Crime Authority	06-04-98	07-12-00	No
Native Title and the Aboriginal and Torres Strait Islander Land Fund (Joint, Statutory)			
CERD and the Native Title Amendment Act 1998	28-06-00	No response to date ²¹	No
Primary Industries, and Regional Services (House, Standing)			
Primary Producer Access to Gene Technology—"Work in Progress: Proceed with Caution"	19-06-00	27-03-01	No
Time running out: Shaping regional Australia's future	13-03-00	23-05-01	No
Primary Industries, Resources and Regional Affairs (House, Standing)			
Adjusting to Agricultural Trade Reform: Australia no longer down under	22-06-98	23-05-01	No
Developments in New Zealand Agriculture—Report of a visit to New Zealand, 16-19 June 1997	01-12-97	08-03-01	No
Managing Commonwealth Fisheries: The last frontier	23-06-97	08-03-01	No
Procedure (House, Standing)			
Promoting community involvement in the work of committees	18-06-01	Period has not expired ⁶	-
Second Chamber: Enhancing the Main Committee	14-08-00	No response to date ²²	No
Public Accounts and Audit (Joint Statutory)			
Contract Management in the Australian Public Service (Report No. 379)	02-11-00	No response to date	No

Description of Report	Date Tabled or Published ¹	Date of Government Response ²	Responded in Period Specified ³
Corporate governance and accountability arrangements for Commonwealth government business enterprises, December 1999 (Report No. 372) Treaties (Joint, Standing)	16-2-00	No response to date ²³	No
Thirty-ninth Report -Privileges and Immunities of the International Tribunal on the Law of the Sea and the treaties tabled on 27 February and 6 March 2001	18-04-01	Period has not expired ⁶	-
Thirty-seventh Report - Six treaties tabled on 10 October 2000	04-12-00	No response to date	No
Thirty-sixth Report - An Extradition Agreement with Latvia and an Agreement with the United States of America on Space Vehicle Tracking and Communication	12-10-00	A response is not required ²⁰	N/A
Thirty-fifth Report—Agreement for Cooperation in the peaceful uses of Nuclear Energy	09-10-00	A response is not required ²⁰	N/A
Thirty-fourth Report—Two treaties tabled on 6 June 2000	28-07-00	05-04-01	No
Thirty-second Report—Six treaties tabled on 7 March 2000	29-05-00	24-05-01	No
Thirty-first Report—Three Treaties tabled on 7 March 2000	10-04-00	08-03-01	No
Twentieth Report—Two treaties tabled on 26 May 1998, the Bougainville Peace Monitoring Group Protocol and treaties tabled on 11 November 1998	29-03-99	08-02-01	No
Seventeenth Report—UN Convention on the Rights of the Child	28-08-98	No response to date ²⁴	No
Eleventh Report	24-11-97	No response to date ²⁵	No
Eighth Report	23-06-97	No response to date ²⁵	No

Notes:

1. The date of tabling is the date the report was presented to the House of Representatives. In the case of joint committees, the date shown is the date of first presentation to either the House or the Senate. Reports published when the House (or Houses) are not sitting are tabled at a later date.
2. If the source for the date is not the Votes and Proceedings of the House of Representatives or the Journals of the Senate, the source is shown in an endnote.
3. The time specified is three months from the date of tabling.
4. In its paper presented to the House on 27 June 2001 (referred to hereafter as the 27 June 2001 paper) it was indicated that the 'Government is giving further consideration to the views of stakeholders'.
5. The Attorney-General is considering the report and an appropriate response. The response will be tabled as soon as possible.' (27 June 2001 paper)
6. The three month period had not expired as at 27 June 2001.

'The report is being considered by the Government and a response will be provided as soon as possible.' (27 June 2001 paper)

'The Government expects to finalise the response to the Report in the near future.' (27 June 2001 paper)

'The Government response is being finalised and is expected to be tabled soon.' (27 June 2001 paper)

'The response is expected to be tabled in the Winter 2001 sittings.' (27 June 2001 paper)

'The Government response is being considered and is expected to be tabled soon.' (27 June 2001 paper)

'Many of the issues raised in this Report were considered in the context of welfare reform. Following the release of relevant details in the recent Budget, the response is expected to be tabled as soon as possible.' (27 June 2001 paper)

'This is the date the Report was presented to the President and, by resolution of the House, published when the House or Houses were not sitting. It was tabled in the House of Representatives on the 4 June 2001.

'The Government response is expected to be tabled shortly.' (27 June 2001 paper)

'The Government response is expected to be tabled soon.' (27 June 2001 paper)

'The Government is considering recommendations in the Report.' (27 June 2001 paper)

'The response required substantial revision following passage of the Privacy Amendment (Private Sector) Act 2000. The Government response is expected to be tabled in the 2001 Spring sittings.' (27 June 2001 paper)

'The Report was taken into consideration in the drafting of the legislation and was passed in the House on 7 February 2001, and was included in the Minister's Second Reading speech on 7 February 2001, *Hansard* pages 24045-24049. Full details of the Government's response to the report were also sent to the JSCM in a letter dated 7 February 2001.' (27 June 2001 paper)

'The Government response will be tabled as soon as possible.' (27 June 2001 paper)

'A Government response is not required' (27 June 2001 paper)

'The Government is considering the report. It is anticipated that a Government response will be tabled during the 2001 sittings.' (27 June 2001 paper)

'The Government is considering the Report.' (27 June 2001 paper)

'Recommendations 1, 4, 5 and 7 of the report have already been accepted and implemented by Government, through letters to the relevant GBE Boards. The Government is presently considering its response to the remaining recommendations and will respond in due course.' (27 June 2001 paper)

'The Government response is under consideration by relevant Ministers. The response is expected to be tabled during the 2001 Winter sittings.' (27 June 2001 paper)

'The Government response will be tabled in the 2001 Winter sittings.' (27 June 2001 paper)

JOINT ADVANCE TO THE PRESIDENT AND THE SPEAKER

Mr SPEAKER—For the information of honourable members, I present a paper relating to the application for the use of funds from the joint advance to the President and the Speaker.

SPECIAL ADJOURNMENT

Motion (by **Mr Reith**) agreed to:

That the House, at its rising, adjourn until Monday, 6 August 2001, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker fixes an alternative day or hour of meeting.

LEAVE OF ABSENCE

Motion (by **Mr Reith**) agreed to:

That leave of absence be given to every Member of the House of Representatives from the determination of this sitting of the House to the date of its next sitting.

PAPERS

Mr REITH (*Flinders—Leader of the House*)—Papers are tabled in accordance with the list circulated to honourable members earlier today. Full details of the papers will be recorded in the *Votes and Proceedings*.

Motion (by **Mr Reith**) proposed:

That the House take note of the following paper:

Progress on Commonwealth Initiatives in Response to the *Bringing Them Home* Report.

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

COMMITTEES

Intelligence Services Committee

Appointment

Mr SPEAKER—I have received a message from the Senate acquainting the House that the Senate concurs with the resolution of the House relating to the appointment of a Joint Select Committee on the Intelligence Services.

PARLIAMENTARY ZONE

Approval of Proposal

Mr SPEAKER—I inform the House that the Senate approves the proposal by the National Capital Authority for capital works within the parliamentary zone, being the construction of Reconciliation Place.

BILLS RETURNED FROM THE SENATE

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

New Business Tax System (Simplified Tax System) Bill 2001

New Business Tax System (Capital Allowances) Bill 2001

New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001

Broadcasting Legislation Amendment Bill (No. 2) 2001

SOCIAL SECURITY LEGISLATION AMENDMENT (CONCESSION CARDS) BILL 2001

Main Committee Report

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

Mr SPEAKER—I understand that it is the wish of the House to consider the bill forthwith.

Mr Crean—What about the MPI?

Mr Leo McLeay—Mr Speaker, I rise on a point of order. In the routine of business, I

would have thought we would have discussed the MPI prior to dealing with legislation.

Mr SPEAKER—The Chief Opposition Whip raises an understandable point of order. That would have also been my understanding. I also gathered from a comment by the Clerk that these were messages that needed to be dealt with. I was a little surprised to find among them some debate and I am happy, in fact, to get an indication from the Clerk as to the urgency of these messages. But I was specifically asked to present them before the discussion of a matter of public importance.

Mr Leo McLeay—If the government were willing to assure us that they were going to allow the MPI, we would be happy to facilitate the business of the House by dealing with these earlier matters first.

Mr SPEAKER—If the Chief Opposition Whip, the member for Watson, cares to resume his seat, I will deal with the matters which are, in fact, a matter of misunderstanding between the Clerk and the Speaker. Among the papers I was handed, which I presumed were messages from the Senate, was the message that I had started to read out. It was at that point that I looked at the Leader of the House, because I was a little mystified as to why that matter was there. If the House concurs, it is entirely right and proper that, simply having been given a number of papers, including messages that were not urgent, we could return to the urgent matters and I could pick up the Social Security Legislation Amendment (Concession Cards) Bill after the MPI.

COMMITTEES

Intelligence Services Committee

Membership

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

That Mr Jull, Mr McArthur, Mr Forrest, Mr K.J. Andrews, Mr Hawker, Mr Melham, Mr McLeay, Mr O'Keefe and Mr Brereton be appointed members of the Joint Select Committee on the Intelligence Services.

MATTERS OF PUBLIC IMPORTANCE**Goods and Services Tax: Families and Small Business**

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

The government's failure to keep its promises to Australian families and small business that everyone would be better off and no business would go to the wall as a result of the GST.

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 CREAN (Hotham) (5.37 p.m.)—This is a debate that we should have had earlier in the day, except for a stunt by this government that has completely backfired on them—a Minister for Finance and Administration who was dragooned into moving a censure motion against the leader of the Labor Party in relation to a matter that has already been cleared by a royal commission, a minister for finance who is merely trying to cover up what we understand is a damning Auditor-General's report of his own administration of property sales and property rentals.

Before I get to the issue of the GST, the opposition calls on the government to immediately release the Auditor-General's report so that the concerns that we have and that we have been informed about since this debate was raised this afternoon can be tested. We understand that this minister for finance has been not only completely responsible for a botched \$1 billion hole in terms of IT outsourcing but also presiding over botched practices in the sale of government properties. But the government are sitting on that report. They are sitting on it because we understand it is damning of them. We call on the government to immediately release that Auditor-General's report so that the parliament can be given the opportunity to consider the botched handling by the minister

for finance. He has raised this issue; he cannot scurry away from it. This government has sought so much to hide and deceive that we want it to finally be accountable. We want it to come clean.

This MPI is on today because the parliament rises today for some five weeks and next Sunday is the first anniversary of the GST. Members might recall that when the GST was first introduced by the Liberal Party, by John Hewson, in a program called Fightback they had a birthday cake for it after 12 months. They had a birthday cake for their GST, which the Australian electorate then went on to reject out of hand. There will be no birthday cake this weekend—none at all—because there is no cause for celebration in this nation for this government's botched GST and the deceit that it has used to get it in. The fact of the matter is that the GST has caused enormous hurt to ordinary Australian families. It has caused pain and suffering to the small businesses of this country, it has duded the pensioners and it has mugged the economy.

Let us just go back 12 months when this government was heralding the introduction of the GST. It promised that everyone would be a winner, but the polls consistently show that very few Australians feel they are better off under the GST. The government also promised that no small business would go under. In question time today we had question after question about small businesses struggling under the weight of this GST. We have on the member for Rankin's desk something we are seeking to get tabled in this place—this government's tax act, the tax act perpetrated upon this nation due to the GST. When the GST was introduced the government promised that they would halve the Income Tax Assessment Act, that small business red tape would be halved—they would cut it by 50 per cent—and the volume of tax legislation, which has become a tidal wave, threatens to overwhelm small business.

When the Prime Minister made that commitment the tax act was 3,000 pages long. It is now 8,500 pages long. Not only have they not halved the red tape but they have more

than doubled the tax act. If it was a tidal wave at 3,000 pages, Minister, it is a tsunami now. That is what it is, and that is what you have done to the small businesses of this country. You promised them that you would halve their red tape, you promised them that you would reduce the tax act; all you have done is drown them in red tape. On the question of small businesses going under, there has been a 25 per cent increase in bankruptcies in the March 2001 quarter.

Mr Hockey—That's wrong.

Mr CREAN—It's wrong, is it? Let us hear you. You deal with it, but go and talk with the Statistician. You say that everything is wrong. You said this GST was going to be good for Australians. You said it would produce more jobs. But since the introduction of the GST the rate of job growth has more than halved. You said that the black economy would disappear, but tax experts agree that the black economy has increased.

Mr Hockey—What about the barristers?

Mr CREAN—‘What about the barristers?’ he says. What have you done in relation to them? Have a look at the front page of the *Sydney Morning Herald* today, Minister. It says that, far from shutting down the black economy, your GST has encouraged a massive growth in the black economy, with consumers increasingly using cash to pay for goods and services. It includes a statement by a professor of tax law, Professor Rick Krever, who said:

... we just have to accept that an inevitable and known consequence of adopting a GST is a dramatic increase in the cash economy, perhaps in the order of many billions of dollars.

Rather than celebrating the GST crackdown on tax avoidance and the black economy, they are flourishing and at the same time the government are punishing ordinary Australians with a new slug of a 10 per cent tax. Another promise they made was that there would be no tax on a tax when the GST was introduced. But you have only to look at the fact that taxes, levies, fees and charges that can and do have GST added to them include stamp duties, petrol excise, tobacco excise, alcohol excise, import duties, fire levies in

some states, camping fees, national park and swimming pool entry fees, sporting field and community hall hire from local councils and library fees. Some commitment to no taxes on taxes!

And then they made the promise about every person over the age of 60 getting \$1,000. Forty per cent of Australians over 60 got nothing, and 10 per cent of Australians over 60 got less than \$50. The government tried to buy them off in the last budget with a \$300 settlement for them—30 cents in the dollar. You cannot buy your way out of this broken promise. This is absolutely the most outrageous broken promise of the lot when it comes to poor people struggling to make ends meet.

As if dudding the pensioners of this country is not enough, they were also dudded with the four per cent that they were promised with the GST. The promise was that the pensioners would get a four per cent pension increase, but two per cent of that four per cent was clawed back in 2001. We know that was the clawback that happened after the Ryan by-election. But, as the member for Lilley demonstrated in this parliament yesterday, there is another clawback that is going to happen after the Aston by-election. This will be from the people who will incur debt through the family payments circumstance that we have exposed in this parliament—but they will not get, until 16 July, the letter that says they have to repay. Some coincidence! The by-election is on 14 July and the government will not send out the letter until 16 July. I tell you what: we will be campaigning in the seat of Aston to make sure that people get the message—the letter, if you like—that John Howard will not send them before 14 July. The Prime Minister has been deceitful all the way through and he is perpetuating that deceit in the Aston by-election. Not content to claw back on the pension, he is now going to claw back on the family payment as well.

The government also promised that health and education would be GST free, but education costs such as school uniforms, shoes, public transport, books, schoolbags, et cetera

have all got the GST on them, as have health items such as skin creams, denture repairs, sanitary products, vitamins and minerals. All of them attract the GST. We can keep going with this litany of broken promises, but I want to go to another point in the context of this debate.

All I am saying is this: 12 months on, the GST has been exposed as the greatest fraud ever perpetrated on the constituents of the Australian economy. They were promised what has not been delivered. We were peppering the Prime Minister on this case today, and he was up there effectively saying, 'You've never had it so good, and the GST is behind you.' Struggling Australian families, struggling small businesses and the pensioners of this country cannot put it behind them. They have a circumstance in which the GST applies every day that they go out to make a purchase, and they are hurting.

To try and shore up their stocks, the government have resorted to massive fiscal vandalism. I referred earlier in the debate to the fact that, six months ago, the cumulative surplus for the next three years was close to \$27 billion. When the budget came down in May, that \$27 billion had been reduced to \$7 billion. This was a massive fiscal deterioration in the space of six months to save this government's hide. And they have not stopped there. We have had the Minister for Finance and Administration telling us that these other proposals which they announced, which are not funded in the budget, will be drawn out of the contingency fund—a hollow log, something that should be there for exceptional circumstances like the outbreak in Timor, not for funding projects that should be accommodated under normal investment activities in the department of industry and commerce, for example. Very interestingly, we now have the economic writers of this country waking up to the fact that this government is economically irresponsible. This is what Ross Gittins had to say after the budget:

What those papers do—
the budget papers—

is to take a Budget of blatant political expediency and try to rationalise it as good economic management.

He further went on to say on 25 June:

On rereading this year's Budget papers, I've been gobsmacked to discover the Government boasting about the 'sound and responsible macro-economic policy framework' it has established and claiming that it helps create 'strong potential for a further wave of productivity growth'. Talk about brazen!

Ross Gittins said on 26 May of the government:

It's been spending like a drunken sailor in the hope of buying votes. But, more than that, it's been appropriating *future* Budget surpluses so they won't be available for Labor ...

What sort of economic vision is that for the nation? You do not use a surplus to build schools, hospitals or infrastructure to connect the nation—not this government. That would be a legitimate spend of the surplus. They are only spending it to stop us spending it. Their sole intent, in terms of their fiscal discipline at this stage, is to erode the surplus so that Labor does not have choices. They are brazen about it. The Treasurer crows about it.

I might also observe this: where is the Treasurer? Is he in this House today to answer this debate? We see him up there with that smirk, asking about when he is going to get the question asked from us. Well, I ask him: when is he going to answer an MPI? When is he actually going to come in and debate his economic management, instead of getting out there in all his arrogance, smirking and gawking and trying to vent his spleen against us on this side? It is about time the Treasurer was accountable, because he will not turn up in this place to have a debate. It is not only Ross Gittins who says that. Gittins analyses the figures and gives us the conclusions. He says:

The label 'big spending, big taxes' fits the Howard Government like a glove.

His headline was 'Big spending, big taxing? That's Howard'. You hear them talk about us being the big spenders and the big taxers, but they have done it in spades. Ross Gittins says:

Total taxation revenue is the highest for—wait for it—13 years ...

And this government wants to masquerade as low taxers. How can they be low taxers when they have introduced the grandmother of all taxes—an indirect, unfair, regressive tax that we are just going to experience the first birthday of come Sunday. The government have perpetrated a fraud on the Australian public. They should be condemned for it. There will be no celebrations on 1 July, but we will be reminding people of that fraud, that deceit. The government do not deserve the capacity to continue in office. They do not know how to govern; they know only how to deceive. The sooner we get honesty back in government the better—and you will only get that from a Labor government. *(Time expired)*

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (5.52 p.m.)—I was hoping the member for Hotham would be a little more generous than that. We have a stunt on the other side of this place in an attempt to portray a large pile of paper as somehow indicative of the extent of the tax reform measures that we have undertaken since coming into government. In fact, I have in my hand a book that is no more than 10 centimetres wide. It represents all the GST acts and regulations, including ministerial determinations. It also covers the luxury car tax and wine equalisation tax legislation, the ACCC price monitoring rules and Australian business number legislation. It totals about 1,000 pages and that includes the index. This book, this piece of paper not more than about five or 10 centimetres wide, is the new tax system for Australia.

The Deputy Leader of the Opposition asks us what we have done. The tax reform undertaken on 1 July last year was more than the GST. We do not apologise for the GST. We believe it was inevitable and it had to be done. It was time that Australia had major taxation reform. No new tax is popular, but that does not mean it is not right. It is right. It is right for Australia and it is right for the long-term benefit of Australia. And at the same time that we introduced a GST we lowered income tax rates by \$12 billion a year so

that 80 per cent of Australians are paying no more than 30 cents in the dollar. As part of that package, we are lowering company tax. From 1 July this year, it will be 30 cents in the dollar, down from 36 cents in the dollar two years ago.

We also abolished wholesale sales tax, and today exports are about \$4 billion—\$4,000 million—cheaper than they were around a year ago. As the Minister for Trade said in question time, exports are up 24 per cent. So Australia as a nation is exporting its socks off whilst the rest of the world is going through an economic downturn. Australia keeps defying all the doomsaying in the Labor Party. Remember it was the Labor Party that was saying that we were going to go into recession after the growth of the December quarter was revealed in January-February. It was saying, 'The world is at an end, Australia is going into recession.' Well, we did not. One of the reasons why we did not is that Australia is exporting its socks off. The main reason why we are exporting our socks off is that our exports do not have embedded taxes in them any more. So thanks to the GST we are exporting more today.

The Deputy Leader of the Opposition raises the black economy. I do not think you need any better evidence about our success in cracking down on parts of the black economy than the example of the barrister Mr Cummins, who was reported in the *Sydney Morning Herald* as saying that, after not paying tax for a number of years, he was caught by the GST because of the introduction of the GST and for the first time he starts paying tax. I think there was justifiable public outrage about the behaviour of some barristers in relation to income tax.

At the same time we have delivered to the states the GST revenue in full, and that is delivering benefits in very real terms. Every teacher in Australia is paid from the money of the GST. Every policeman in Australia is paid from the money of the GST. To the teachers and the policemen of Australia: when you receive your wages cheque that is the GST paid by other Australians and you as a contribution to the nation. I have said be-

fore in this place that the most significant benefit of that is the states no longer have to go looking for more gambling taxes or insidious little taxes such as bed taxes in order to fund their police, their roads, their schools and their hospitals. Today they have a revenue stream that actually enables them to deliver services to consumers and to deliver services to Australians.

From 1 July this year, we are abolishing financial institutions duty and we are abolishing stamp duty on the transfer of shares. Financial institutions duty is a tax on bank accounts. It is a tax on mortgages. It is a tax on leases. We are abolishing it from 1 July this year—another real benefit for Australians. Diesel fuel is cheaper because of the GST. For every small business in Australia, your petrol is significantly cheaper to you through the introduction of the GST because of the input tax credit. No small business in Australia that pays tax should be in the business of paying extra for their petrol above the market prices. They do not because they get the input tax credits as a result of the introduction of the GST.

In the couple of minutes remaining, the member for Hotham challenged me when he said that the number of bankruptcies has increased. This is patently incorrect. I am advised that the official figures published by the Insolvency and Trustee Service Australia indicate that for the financial year to date—that is, since the introduction of the GST—business related bankruptcies have actually fallen by nine per cent when compared with the same period last year. So, despite the lower December quarter performance, bankruptcies have actually fallen by nine per cent since the introduction of the GST. That is little known. I am quite happy to provide that information. That means that apart from the economic benefits of what we did a year ago, which in some cases flowed through immediately but more particularly will flow through in the years ahead, Australia is a stronger, more robust, more vibrant and more successful economy as a result of the tax change that we made.

Sitting suspended from 6.00 p.m. to 8.30 p.m.

BUSINESS

Mr RONALDSON (Ballarat) (8.30 p.m.)—With your indulgence, Mr Deputy Speaker, on behalf of the Leader of the House, I am reporting back as the Leader of the House indicated he would before the dinner break. The Leader of the House is tied up at the moment in a meeting. I can report to honourable members that it looks like being a late night. I will have discussions with the Chief Opposition Whip in relation to a special adjournment and legislation that we might debate tonight. The MPI will roll on as per usual and either the Leader of the House or I will report back to the House in due course. Suffice it to say that I think we will be having a long night.

MATTERS OF PUBLIC IMPORTANCE

Goods and Services Tax: Families and Small Business

Consideration resumed.

Mr EMERSON (Rankin) (8.31 p.m.)—Ever since the Prime Minister broke his promise that he would never, ever introduce a GST, the yellow brick road of his great tax adventure has been littered with the wreckage of broken GST promises. He was joined in the tax cart by the Treasurer who, in a moment of candour in 1996, declared that the GST had taken on 'snake-oil qualities'. The reluctant Treasurer, nevertheless, jumped into the cart and became one of the duo pressing ahead with this great tax adventure.

On the first anniversary of the GST, I want to assess the impact of this so-called streamlined new tax system for a new century on small business, the economy and the living standards of Australians. The shadow Treasurer, in his earlier contribution to this MPI, outlined the 'dirty dozen' broken promises, and I want to start with the promise that was made by the government to simplify the tax system. In 1996 the Prime Minister said:

It is time to get government off the back of small business and to unlock their true job creating potential. A coalition government will slash the burden of paperwork and regulations on small businesses, with our aim being a 50% reduction in our first term of office.

So what he said was that he was going to cut all the red tape from this—the Income Tax Assessment Act as it was in 1996. Let us have a look at what happened subsequently. They realised that there was a problem, because in 1997 the Prime Minister said in the parliament:

The volume of tax legislation has become a tidal wave which threatens to overwhelm small business.

And how right he was. Then one year later:

JOURNALIST: Will the number of pages in the tax act be reduced by the introduction of a GST?

HOWARD: Yes it will.

That was the progress report in 1998. In 1999, a journalist asked the Treasurer this time:

JOURNALIST: [The] Tax Act ... it's unreadable and unintelligible, there's a massive GST program that's going to overtake us ...

COSTELLO: Well I think that's right. And that's why we've got to get the number of pages of the Tax Act down. That's what we're working on right at this moment.

This is what he was working on in getting the number of pages of the Income Tax Assessment Act down. This is the legislation as it exists to this day and the changes that are all ready to go through the pipeline will take this to a total of 8,500 pages of the Income Tax Assessment Act alone—8,500 pages of this simplified, streamlined new tax system for a new century! But on top of that, of course, never forget the GST. Remember that the GST was supposed to replace the Botswana style, outmoded, 1930s wholesale sales tax. So here I present to you, Mr Deputy Speaker, and to the people of Australia the government's effort at producing a so-called streamlined new tax system for a new century.

The government said that the GST is a simple tax. How can this be a simple tax? This GST legislation itself has been amended on no less than 1,865 times and yet the Treasurer, coming back to work earlier this year after the Assistant Treasurer made a mess of Coca-Cola and other GST details, was asked, 'Does that mean no more changes?' and he said:

Well, it does mean that we're not changing the legislation, that we've got it right.

Yet 1,865 amendments later and still going, because there are more GST amendments in the pipeline for this so-called streamlined new tax system for a new century.

The only serious effort at simplifying the tax system has been made by the Labor Party, because a proposal was unveiled by shadow Treasurer Simon Crean about three weeks ago at the National Press Club. It is a proposal which involves getting a ratio of net GST payable to GST sales and applying that ratio for small businesses in subsequent years. We think that is a pretty good idea because it will dramatically simplify the GST paperwork—this massive burden—that has been inflicted on small business. But what does the Minister for Small Business say in response to that? We were getting calls from journalists, one after the other, saying, 'I have obtained a copy of a leaked memo from the department which really criticises Labor's proposal for simplifying the GST.' It became pretty obvious that the leaker was none other than the Minister for Small Business. We got a copy of it—it was not all that tightly held I must say—and he had put asterisks and underlines on a couple of queries that were raised which we had fully anticipated, but what he did not highlight was the main point, which says:

A ratio by turnover method is a reasonable option for calculating GST ...

Here is the department that was asked to do a hatchet job on Labor's genuine simplification proposal and it comes to the conclusion that this is a reasonable method. The only people who are actually involved and committed to simplifying this monster of a tax is the Labor Party. The Minister for Small Business, who is supposed to be sticking up for small business, says: 'You can't simplify this, this is as simple as it gets. We've done a really fine job.'

The government, you might recall, Mr Deputy Speaker, promised to abolish 10 taxes and replace them with the GST. Of course, it did not abolish income tax, nor did it promise that, but it did promise to abolish

10 taxes. Do you know how many taxes it ended up abolishing? Four out of the 10. So the GST is a tax on a tax—another broken promise. The government said, ‘No, we will not be having a tax on a tax.’ It is a tax on a tax in so many cases that I do not have time to outline them all here today. What was a fundamental promise of this government in relation to the economy? The government promised that the GST would be good for the economy and good for small business. In fact, the Treasurer said in the lead-up to the last election when he was promoting the GST that the GST package would create ‘bigger exports, more trade, more jobs, more growth’.

What has happened to growth? Growth halved under the GST. In fact, there was a quarter where the economy actually contracted. It is not as if the government received no warning of this. I produced an opinion piece for the *Australian Financial Review* a year earlier headed ‘Honey, I shrunk the economy’. It was based on work that I had done and, more importantly, work that was done by Professor Peter Dixon of Monash University. We predicted that the economy would contract under the GST. This was very clearly predicted and forecast in economic modelling—and what happened? It contracted under the GST—surprise, surprise! The GST was supposed to be good for the economy and it led to a contraction in growth for the first time in a decade.

Remember that the GST was supposed to create jobs. The Treasurer said ‘bigger exports, more trade, more jobs, more growth’. What happened to jobs? The rate of job growth halved under the GST, and unemployment has gone up under the GST. We ask this simple question: how can a \$24 billion new tax create jobs? The government said, ‘Give us this GST, and we will create jobs with the \$24 billion monster of a tax.’ The government goes to the small business community and says: ‘You’ve never had it so good. You’ll thank us for this one day.’

Mr DEPUTY SPEAKER (Mr Nehl)—Order! Member for Rankin, we did discuss earlier, before the dinner break, the possible

danger of that pile of legislation swaying on your desk. I would hate to see the member for Lalor damaged—

Mr EMERSON—You have reminded me, and I am remiss in forgetting. You did outline the workplace health and safety issues associated with this, so we might just reduce it slightly.

Mr DEPUTY SPEAKER—Thank you, Member for Rankin.

Mr EMERSON—There may be medical claims tomorrow by the member for Braddon and the member for Lowe here, who have helped me with that. The GST was inflicted on small business, and do you know what the Treasurer said about that? The government had this incredibly complex business activity statement, and the Treasurer said:

I don’t think anybody will go to the wall as a consequence of the GST.

He said that in Perth on 18 May last year. What has happened? Bankruptcies were up 25 per cent in the March quarter compared with the preceding quarter, obviously related to the impact of the GST. So how is the GST good for the economy? It was supposed to attack the black economy, but we have experts saying what, again, is commonsense: the incentive to get into the black economy is greater under the GST, because you get to avoid all this legislation that I have here, and a range of other taxes. The incentive is so great to avoid them, and that is what has happened.

The Aussie dollar was supposed to go up under the GST. Remember that the Treasurer said, ‘The GST is replacing this outmoded wholesale sales tax—Botswana and Swaziland have got this terrible wholesale sales tax, and we have got this streamlined GST.’ What happened there, with the Aussie dollar? It fell against the currencies of Botswana and Swaziland—but not just those two: it fell against 150 out of 161 currencies. This GST was supposed to drive the dollar up. It has driven it down. It is probably quite a good thing that it did, because the only thing holding up growth now are some net exports from an absolutely world competitive Aus-

tralian dollar down around US50c. But it was supposed to go up.

The GST was supposed to boost national savings. What happened there? When the Prime Minister came to office in March 1996 Australians were saving \$5 in every \$100; by March 2001, they were saving 70c. That is what the GST has done to savings. The government is saying: 'You are all wrong. The GST is good for the economy.' How many people believe that now? Only 18 per cent of Australians believe it is good for the economy. Australians know best. They know a lot more than this government does. (*Time expired*)

Mrs DE-ANNE KELLY (Dawson) (8.41 p.m.)—Allow me to read out the words of the MPI. It reads:

The government's failure to keep its promises to Australian families and small business that everyone would be better off and no business would go to the wall as a result of the GST.

We have just had the shadow minister for regional development saying to the House that business bankruptcies have fallen by nine per cent since last year, which is most encouraging. That is very helpful. I will get to the member for Rankin shortly. I would like, firstly, to share with you, Mr Deputy Speaker, and the House some letters from my electorate. This is a letter that Alan Mann, who lives in Bucasia, sent me recently. It reads:

Dear Mrs Kelly,

You may recall me writing to you in September of last year commenting on my pension increases in proportion to the increase in the cost of living.

Mr Mann actually has a price watch, similar to that of the member for Lilley. But, of course, Mr Mann can actually add up, which is a bit of a problem for the opposition because his figures are very good. He says:

I enclosed a "price watch" comparison on what I regard as a typical weekly shopping list for my wife Zeldia and I.

He goes on to say:

Accordingly, I decided to see how things would go over the ensuing year.

Of course, I then thought that the result of another review would then give me some ammunition to

again confront you with allegations that the coalition Government's fiscal policies had further impoverished us.

However, I now stand humbled. In fact my shopping list has only slightly increased from a 1998 total of \$128.37—

a week—

to an amount of \$130.03 today. Just \$1.66 or 1.3% ... Actually we *are* better off ...

This is a remarkable result and I must admit that the Government's policies have worked—and worked well.

Mr Sidebottom—What's his address? I want to write to him.

Mr DEPUTY SPEAKER (Mr Nehl)—I warn the member for Braddon!

Mrs DE-ANNE KELLY—He continues:

I enclose this year's comparison for information—and, yes—

Mr DEPUTY SPEAKER—Order! I just interrupt the member for Dawson. Let me make it quite clear to the member for Braddon and anybody else in the House that, having been warned, the next time is out. Right?

Mrs DE-ANNE KELLY—I must say, when you look through Mr Mann's shopping list you see that it is meticulous for every item. He goes on to say:

I realise that the only group to significantly increase, produce, is subject to seasonal effects of weather.

This is one for the Treasurer:

So, well done. I feel a lot happier now.

With best wishes,

Alan Mann

I hate to say it, but I trust Mr Mann—a pensioner who is obviously a meticulous and thoughtful man who has gone to a great deal of trouble to detail all of his shopping over a period of time—more than I trust the member for Rankin. In fact, the member for Rankin unfortunately brings to mind one of those childish sayings we had as acronyms at university, that PhD stood for 'piled higher and deeper'. Of course, I am referring to his files.

Mr Emerson—Mr Deputy Speaker, I raise a point of order. I am shocked and dis-

mayed at the member for Dawson saying such grievously offensive things regarding me.

Mr DEPUTY SPEAKER—Resume your seat. The member for Dawson has the call.

Mrs DE-ANNE KELLY—I was simply referring to sayings from old university days. I myself, of course, would never make such a comment. I know that this has been referred to a great deal today but I cannot help mentioning an article headed 'One year on, most are better off: study', which reads in part:

The study by Econtech director Chris Murphy said income earners in this group—

he refers to voters in the \$50,000 to \$60,000 group—

had received a 5 per cent increase in their pay packet, after inflation ...

The article goes on to say:

At first glance, the average wage rise of 3.7 per cent did not appear to be enough to shield workers from GST increases but when the change to the income tax scale and the \$12 billion worth of tax cuts were included, workers were better off.

So it is not just Mr Mann on his pension: workers were better off. The article goes on:

Mr Murphy said a person on the average wage of \$40,000 a year paid \$10,400 in tax last year. If they received the average wage rise of 3.7 per cent, once the new tax scales were applied to their new wage of \$41,500, it meant a tax cut of almost \$1000, lifting their after-tax wage by 8.2 per cent.

Let me say this, for the member for Rankin. Mr Murphy went on to say:

The only group actually worse off is those earning over \$230,000 a year, but I don't imagine that people would be too worried about that ...

He did mention age pensioners:

Mr Murphy said the age pension had risen by \$30 a fortnight or 8.1 per cent. 'So pensioners are actually around 2 per cent better off, although you wouldn't know that from most media reports,' he said.

Most of us would not, either. We have someone with absolutely impeccable credentials saying that all Australians earning less than \$230,000 a year are actually better off, so I think we have dealt with that. Let me talk very briefly about hard decisions. It

is very easy to come into the House with stunts. We can all come in with stunts, like the member for Rankin, but what about solutions? The reality is that people in my electorate on average weekly earnings—and there are many of them—would have been paying 43 cents in the dollar in the future. What was your answer to that? They are now paying 30 cents in the dollar. We took the hard decision.

What were they going to do on the other side of the House, not only about giving hard-working people on average weekly earnings a fair go but about our ageing population and the need for services? Borrow, borrow, borrow and push up interest rates. Your record is very clear. So do not come in here with stunts. We want to hear solutions. If you are going to go to the people in my electorate and the rest of Australia later this year, you had better have some hard solutions. Piling it higher and deeper will not do you any good, I can tell you.

Let us talk about the little we have of what the opposition fondly refer to as policies. What is roll-back, how much is it going to cost and where is the money coming from? Again, we have an independent expert in the form of Chris Murphy, and he has determined that, if roll-back costs \$4 billion, that equates directly to an extra one per cent in interest rates or, for my people in Dawson with \$100,000 mortgages, \$80 a month. You are going to pay for roll-back by taking money out of the pockets of my hard-working constituents to the tune of \$80 a month to start with. Am I just going on? No, I am not, because we have form.

Mr Sidebottom interjecting—

Mrs DE-ANNE KELLY—We have form, and you, more importantly, have form.

Mr Sidebottom interjecting—

Mr DEPUTY SPEAKER—Order! The member for Braddon will excuse himself from the service of the House, under standing order 304A.

The member for Braddon then left the chamber.

Mrs DE-ANNE KELLY—At the end of the year Australians, who are known for their shrewdness and commonsense, have a decision to make. Will they risk interest rates of 17 per cent again, or will they stay with a responsible coalition government delivering them 6.8 per cent interest rates? Will they risk again the Labor Party's unemployment rate of 11.2 per cent, a blight on our children, or will they follow a responsible coalition government delivering 6.9 per cent unemployment? Are they going to look again at the big spending, big promise breaking Labor government with taxes of 43 cents in the dollar on average Australians, or will they stay with a responsible coalition government delivering 30 cents in the dollar and more to come?

What about roll-back? Is it going to be a roll-back of the rebate on private health insurance, as your shadow minister for health foreshadowed a few months ago? Is it going to be a roll-over on the apology to indigenous Australians and a big compensation package? We know that Labor has promised that for the first week of a government under Labor. Are they going to roll back on fuel indexation, on the 1.5 cents per litre, on the diesel fuel rebate that gives our primary producers a go or on the fuel and alternative grants scheme? Do not risk Labor. We know their form. They make promises, they pile it higher and deeper, but they do not deliver. What they do deliver is hard times and hard pains for people in Australia. (*Time expired*)

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

PRIVILEGE

Mr PYNE (Sturt) (8.51 p.m.)—I rise on a matter of privilege. On Tuesday, 19 June the Speaker asked the Joint Standing Committee on Electoral Matters to consider an alleged unauthorised disclosure of details of the committee's report entitled *User friendly, not abuser friendly: report of the inquiry into the integrity of the electoral roll*. That report was tabled in the House on Monday, 18 June this year. The allegation related to material in a number of articles: one in the *Adelaide Advertiser* on Saturday, 16 June; another in the

Sydney Morning Herald on Monday, 18 June; and a third in the *Daily Telegraph* on Monday, 18 June. Further allegations were outlined to the committee by one of the members of the committee in a private meeting that have not been made public, so I will not refer to them here, but the members of the committee have considered them as part of their inquiry into the allegations that these unauthorised disclosures occurred before tabling.

The alleged disclosure was raised in the House as a matter of privilege on Tuesday, 19 June by the honourable member for Reid. The committee considered this matter and made inquiries, both written and verbal, with staff, members and senators. The committee also considered whether the disclosure constituted a substantial interference with its work, with the committee system or with the functioning of the House. The committee resolved that the evidence was inconclusive as to whether an unauthorised disclosure had occurred. The committee was unable to ascertain the source of the alleged disclosure and resolved that the alleged disclosure did not constitute a substantial interference to its work with the committee system or with the functioning of the House. The committee recommended to the Speaker that it not refer this matter to the Standing Committee of Privileges for further investigation.

Mr MELHAM (Banks) (8.53 p.m.)—Mr Deputy Speaker, I seek indulgence to speak on the matter of privilege.

Mr DEPUTY SPEAKER (Mr Nehl)—I am very happy to grant you indulgence for that. You may proceed.

Mr MELHAM—Thank you. Fortunately for the member for Sturt, I do not wish to breach privilege of the Joint Standing Committee on Electoral Matters committee in terms of the deliberations of the committee. But let me say this: I have been a member of this parliament for 11 years, I have served on a number of contentious committees and I myself have been referred to the Standing Committee of Privileges of this House and, indeed, of the other place and was exonerated. Throughout my 11 years, I have always

felt that the committees of this parliament should operate as committees and should not be subservient to the executive, to ministers or to prime ministers. On those committees we form relationships where we look at matters on their merit, and sometimes that requires a bit of courage and ticker, not to be bowed by ministers or prime ministers.

Mr Ronaldson—Mr Deputy Speaker, I raise a point of order. Indulgence is entirely appropriate for the honourable member for Banks in relation to this matter, but I do not believe that the matters that the member is referring to are relevant to the matters raised by the member.

Mrs Crosio—Let him finish.

Mr Ronaldson—If you will just let me finish. As I said before, indulgence is perfectly appropriate in these circumstances, but the nature of the matters being pursued by the member for Banks, I submit to you are not appropriate matters for the indulgence that was sought.

Mr DEPUTY SPEAKER—I thank the Chief Government Whip and I see some merit in his argument. I invite the member for Banks to continue, but perhaps he could contain his remarks to the matter under discussion.

Mr MELHAM—Can I indicate to you that I and Labor Party members of the committee will certainly be seeking some guidance on the operation of these matters. As I said, in 11 years I have not seen or experienced such a disgraceful performance in terms of the operation of a committee. But I will leave it at that. I thank you for your indulgence.

BILLS RETURNED FROM THE SENATE

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

Vocational Education and Training Funding Amendment Bill 2001

COMMITTEES

Intelligence Services Committee

Appointment

Mr DEPUTY SPEAKER (Mr Nehl)—Mr Speaker has received a message from the Senate acquainting the House that Senator Calvert, Senator Coonan, Senator Faulkner, Senator Greig, Senator Sandy Macdonald and Senator Ray have been appointed members of the Joint Select Committee on the Intelligence Services.

SOCIAL SECURITY LEGISLATION AMENDMENT (CONCESSION CARDS) BILL 2001

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

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

AGRICULTURAL AND VETERINARY CHEMICALS LEGISLATION AMENDMENT BILL 2001

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

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

TRADE MARKS AND OTHER LEGISLATION AMENDMENT BILL 2001

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Bill agreed to.

Third Reading

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

MINISTER FOR EMPLOYMENT SERVICES

Suspension of Standing and Sessional Orders

Ms KERNOT (Dickson) (9.00 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the House from debating forthwith the documents tabled by the Minister for Employment Services on the Job Network for the following urgent reasons:

- (1) the serious issues of improper and potentially fraudulent claims on the Commonwealth which have arisen concerning “phantom jobs” and the Job Network;
- (2) the evidence of departmental knowledge of, and approval of, “phantom jobs” practices through the Job Network; and
- (3) the evidence that the Minister was aware of these practices but did nothing about them prior to 4 June when they were raised at Senate Estimates.

Mr Deputy Speaker—

Motion (by **Mr Tuckey**) put:

That the member be not further heard.

The House divided. [9.05 p.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes.....	69
Noes.....	<u>55</u>
Majority.....	14

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Bishop, B.K.
Bishop, J.I.	Brough, M.T.
Cadman, A.G.	Cameron, R.A.
Causley, I.R.	Charles, R.E.
Costello, P.H.	Downer, A.J.G.
Draper, P.	Elson, K.S.
Entsch, W.G.	Fahey, J.J.
Fischer, T.A.	Forrest, J.A. *
Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.

Haase, B.W.	Hardgrave, G.D.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Jull, D.F.
Kelly, D.M.	Kelly, J.M.
Kemp, D.A.	Lawler, A.J.
Lieberman, L.S.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
May, M.A.	McArthur, S. *
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Prosser, G.D.
Pyne, C.	Reith, P.K.
Ronaldson, M.J.C.	Ruddock, P.M.
Schultz, A.	Scott, B.C.
Secker, P.D.	Slipper, P.N.
Southcott, A.J.	St Clair, S.R.
Stone, S.N.	Sullivan, K.J.M.
Thompson, C.P.	Thomson, A.P.
Truss, W.E.	Tuckey, C.W.
Vaile, M.A.J.	Vale, D.S.
Wakelin, B.H.	Washer, M.J.
Worth, P.M.	

NOES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.
Danby, M.	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Gerick, J.F.
Gibbons, S.W.	Gillard, J.E.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hollis, C.
Irwin, J.	Jenkins, H.A.
Kernot, C.	Kerr, D.J.C.
Lawrence, C.M.	Lee, M.J.
Livermore, K.F.	Martin, S.P.
McClelland, R.B.	McFarlane, J.S.
McLeay, L.B.	McMullan, R.F.
Melham, D.	Morris, A.A.
Murphy, J. P.	O’Byrne, M.A.
O’Keefe, N.P.	Plibersek, T.
Quick, H.V.	Ripoll, B.F.
Rudd, K.M.	Sawford, R.W. *
Sciacca, C.A.	Sercombe, R.C.G. *
Short, L.M.	Smith, S.F.
Snowdon, W.E.	Tanner, L.
Thomson, K.J.	Wilkie, K.
Zahra, C.J.	

PAIRS

Howard, J.W.	Beazley, K.C.
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Wooldridge, M.R.L. Horne, R.
Somlyay, A.M. Latham, M.W.
* denotes teller

Question so resolved in the affirmative.

Mr McMULLAN (Fraser—Manager of Opposition Business) (9.09 p.m.)—There is scandal here, and it is going to come out whatever you do. This cover-up will not stop it coming out, and it cannot protect you.

Motion (by **Mr Tuckey**) put:

That the member be not further heard.

The House divided. [9.10 p.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes.....	68
Noes.....	<u>56</u>
Majority.....	12

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Bishop, B.K.
Bishop, J.I.	Brough, M.T.
Cadman, A.G.	Cameron, R.A.
Causley, I.R.	Charles, R.E.
Costello, P.H.	Draper, P.
Elson, K.S.	Entsch, W.G.
Fahey, J.J.	Fischer, T.A.
Forrest, J.A *	Gallus, C.A.
Gambaro, T.	Gash, J.
Georgiou, P.	Haase, B.W.
Hardgrave, G.D.	Hawker, D.P.M.
Hockey, J.B.	Hull, K.E.
Jull, D.F.	Kelly, D.M.
Kelly, J.M.	Kemp, D.A.
Lawler, A.J.	Lieberman, L.S.
Lindsay, P.J.	Lloyd, J.E.
Macfarlane, I.E.	May, M.A.
McArthur, S *	McGauran, P.J.
Moylan, J. E.	Nairn, G. R.
Nelson, B.J.	Neville, P.C.
Prosser, G.D.	Pyne, C.
Reith, P.K.	Ronaldson, M.J.C.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Slipper, P.N.	Southcott, A.J.
St Clair, S.R.	Stone, S.N.
Sullivan, K.J.M.	Thompson, C.P.
Thomson, A.P.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.

Washer, M.J. Worth, P.M.

NOES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.
Danby, M.	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Gerick, J.F.
Gibbons, S.W.	Gillard, J.E.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hoare, K.J.
Hollis, C.	Irwin, J.
Jenkins, H.A.	Kernot, C.
Kerr, D.J.C.	Lawrence, C.M.
Lee, M.J.	Livermore, K.F.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Morris, A.A.	Murphy, J. P.
O'Byrne, M.A.	O'Keefe, N.P.
Plibersek, T.	Quick, H.V.
Ripoll, B.F.	Rudd, K.M.
Sawford, R.W *	Sciacca, C.A.
Sercombe, R.C.G *	Short, L.M.
Smith, S.F.	Snowdon, W.E.
Tanner, L.	Thomson, K.J.
Wilkie, K.	Zahra, C.J.

PAIRS

Howard, J.W.	Beazley, K.C.
Wooldridge, M.R.L.	Horne, R.
Somlyay, A.M.	Latham, M.W.

* denotes teller

Question so resolved in the affirmative.

Original question put:

That the motion (**Ms Kernot's**) be agreed to.

The House divided. [9.14 p.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes.....	56
Noes.....	<u>68</u>
Majority.....	12

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.

Danby, M.
Ellis, A.L.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Griffin, A.P.
Hatton, M.J.
Hollis, C.
Jenkins, H.A.
Kerr, D.J.C.
Lee, M.J.
Martin, S.P.
McFarlane, J.S.
McMullan, R.F.
Morris, A.A.
O'Byrne, M.A.
Plibersek, T.
Ripoll, B.F.
Sawford, R.W *
Sercombe, R.C.G *
Smith, S.F.
Tanner, L.
Wilkie, K.

Edwards, G.J.
Emerson, C.A.
Ferguson, M.J.
Gerick, J.F.
Gillard, J.E.
Hall, J.G.
Hoare, K.J.
Irwin, J.
Kernot, C.
Lawrence, C.M.
Livermore, K.F.
McClelland, R.B.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O'Keefe, N.P.
Quick, H.V.
Rudd, K.M.
Sciacca, C.A.
Short, L.M.
Snowdon, W.E.
Thomson, K.J.
Zahra, C.J.

Sullivan, K.J.M.
Thomson, A.P.
Tuckey, C.W.
Vale, D.S.
Washer, M.J.

Thompson, C.P.
Truss, W.E.
Vaile, M.A.J.
Wakelin, B.H.
Worth, P.M.

PAIRS

Howard, J.W. Beazley, K.C.
Wooldridge, M.R.L. Horne, R.
Somlyay, A.M. Latham, M.W.
* denotes teller

Question so resolved in the negative.

BUSINESS

Mr REITH (*Flinders—Leader of the House*) (9.21 p.m.)—Mr Deputy Speaker, I seek your indulgence to make a statement about the sitting arrangements.

Mr DEPUTY SPEAKER (*Mr Nehl*)—The Leader of the House may proceed.

Mr REITH—I advise members of the House that I am advised that the Senate has dealt with the *Interactive Gambling Bill 2001* but it will take in the order of 1½ hours to complete the paperwork for its transmission across to the House. There is other business to be attended to by the House of Representatives tonight. We are expecting a message on child support, I am advised. I also understand that the Senate has not yet dealt with the *Parliamentary Contributory Superannuation Amendment Bill 2001* and until it has been dealt with we do not know whether there will be any requirement for it to come here. There is apparently an outstanding budget measure in respect of passenger movement charges. There is also some legislation about medical practitioners that might come back to the House with amendment. All of that suggests that we will be here certainly well past 12 o'clock. It also means that the House will have quite a bit of business to transact during the evening. Until we have a better measure of that, we intend to just keep on with the legislation currently before the House. I am mindful of the intent to have an extended adjournment debate, provided we have done all our other jobs. That is the state of the House, and I will keep members advised.

NOES

Abbott, A.J.
Andrews, K.J.
Baird, B.G.
Bartlett, K.J.
Bishop, J.I.
Cadman, A.G.
Causley, I.R.
Costello, P.H.
Elson, K.S.
Fahey, J.J.
Forrest, J.A *
Gambaro, T.
Georgiou, P.
Hardgrave, G.D.
Hockey, J.B.
Jull, D.F.
Kelly, J.M.
Lawler, A.J.
Lindsay, P.J.
Macfarlane, I.E.
McArthur, S *
Moyle, J. E.
Nelson, B.J.
Prosser, G.D.
Reith, P.K.
Ruddock, P.M.
Scott, B.C.
Slipper, P.N.
St Clair, S.R.

Anderson, J.D.
Anthony, L.J.
Barresi, P.A.
Bishop, B.K.
Brough, M.T.
Cameron, R.A.
Charles, R.E.
Draper, P.
Entsch, W.G.
Fischer, T.A.
Gallus, C.A.
Gash, J.
Haase, B.W.
Hawker, D.P.M.
Hull, K.E.
Kelly, D.M.
Kemp, D.A.
Lieberman, L.S.
Lloyd, J.E.
May, M.A.
McGauran, P.J.
Nairn, G. R.
Neville, P.C.
Pyne, C.
Ronaldson, M.J.C.
Schultz, A.
Secker, P.D.
Southcott, A.J.
Stone, S.N.

Mr McMULLAN (Fraser—Manager of Opposition Business) (9.23 p.m.)—Mr Deputy Speaker, I seek your indulgence to ask a question or two.

Mr DEPUTY SPEAKER (Mr Nehl)—The Manager of Opposition Business may proceed.

Mr McMULLAN—Thank you. I would like to clarify (a) which legislation you want to get through the House this evening other than that which is coming back from the Senate and (b) whether we are going to seek to conclude all those matters you talked about that might be held up in the Senate or whether there are some priority ones, the passage of which will enable us to finish. Do we have to do the lot?

Mr REITH (Flinders—Leader of the House) (9.23 p.m.)—I think the Senate is dealing with the ones that the government has set out as priorities—that is what they have before them.

Mr McMullan—What about in here?

Mr REITH—In here we have the workplace relations legislation, which we thought we might as well make some progress on. We have a lot of speakers on interactive gambling, so there will have to be some discussions about managing that, I suggest. There is the financial services legislation. It would be good if we could make a start on that.

MOTOR VEHICLE STANDARDS AMENDMENT BILL 2001

First Reading

Bill presented by **Mr Tuckey**, for **Mr Anderson**, and read a first time.

Second Reading

Mr TUCKEY (O'Connor—Minister for Forestry and Conservation and Minister Assisting the Prime Minister) (9.25 p.m.)—I move:

That the bill be now read a second time.

The **Motor Vehicle Standards Amendment Bill 2001** amends the legislative framework to enable new arrangements to apply for the importation and supply to the market in Australia of low volume road motor vehicles,

including motor cycles. These vehicles are known as specialist and enthusiast vehicles. The bill is the result of the government's decision announced on 8 May 2000 following a review of the Motor Vehicle Standards Act 1989. The decisions aim to balance the government's commitment to the local automotive manufacturing industry, full volume importers, franchised motor vehicle dealers, importers and converters of used vehicles, and consumers of genuine specialist and enthusiast vehicles. The decisions include revised eligibility criteria for vehicles being imported under the low volume scheme and the establishment of a registered workshop arrangement for the importation and supply of used vehicles to the market. The registered workshop arrangement will operate on a cost recovery basis. It will improve consumer protection for purchasers of used imported vehicles.

The changes made by this bill are intended to return the low volume scheme to its original intent of catering for the importation of genuine specialist and enthusiast vehicles and to prevent unchecked growth in the importation of used vehicles that are very similar to vehicles already marketed in full volume. I present the explanatory memorandum.

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

COMMITTEES

Public Works Committee

Approval of Work

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.27 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Construction of new Law Courts Building, Adelaide.

The government has approved the provision of \$76.6 million for the development of the new Commonwealth Law Courts in Adelaide, subject to the normal Public Works Committee processes. The project budget has been revised since the referral motion in Feb-

ruary. The Acting Minister for Finance and Administration recently approved additional funding for indexation costs to the completion date of December 2003.

In 1987, the government endorsed a program to provide clearly identifiable and purpose designed Commonwealth law courts buildings in each capital city of Australia to accommodate the courts and their associated staff and facilities. Adelaide is now the only state capital without such a building. In Adelaide, the Commonwealth jurisdictions, other than the High Court, operate from leased office premises which have been adapted for court purposes. The High Court does not currently have dedicated premises in Adelaide and uses the Supreme Court of South Australia.

The leased accommodation does not adequately provide for the operational and growth requirements of the courts. In addition, the level of security achievable in the building does not provide acceptable protection for judges, staff and the public. Investigations have been undertaken into the options to resolve the long-term accommodation needs of the courts, including the availability of alternative replacement space and potential development sites for a purpose-built Commonwealth courts building. Those investigations conclude that there is no existing building in the Adelaide legal precinct which would permit the conversion of space to establish a facility that would meet the long-term accommodation criteria of the court, and the Angas Street site is the most suitable site for a purpose-built Commonwealth courts building. The site for the proposed development is adjacent to the Magistrates Court on Angas Street in Adelaide. It is subject to a land swap agreement with the government of South Australia. The existing improvements on the site will be demolished by the government of South Australia as part of the agreement.

The proposed work comprises the development of a purpose designed Commonwealth Law Courts building with a net area of about 12,000 square metres to accommodate the High Court of Australia, the Federal

Court of Australia, the Family Court of Australia and the Federal Magistrates Service of Australia. The building design provides for flexibility in court operations and the increasing use of new technologies. In its report the committee has recommended that this project proceed. The Department of Finance and Administration agrees with the recommendations of the committee. Ongoing consultation with the Australian Heritage Commission and the Adelaide City Council will continue in relation to the heritage and access matters.

Following the demolition of existing improvements on the site and the transfer of the site to the Commonwealth, subject to parliamentary approval, it is planned to commence construction early next year and be completed by the end of 2003. I would like, on behalf of the government, to thank the committee for its support. I commend the motion to the House.

Question resolved in the affirmative.

Public Works Committee

Approval of Work

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.32 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Fitout of new central office building for the Department of Immigration and Multicultural Affairs at Belconnen, ACT.

The Department of Immigration and Multicultural Affairs proposes to fit out new leased premises at Belconnen in the Australian Capital Territory. The central office of the Department of Immigration and Multicultural Affairs has been housed in the Benjamin Offices complex at Belconnen in the Australian Capital Territory since the mid-1970s. In February last year, the Commonwealth sold the Benjamin Offices complex to Benjamin Nominees, a local Canberra business consortium. At the time of the sale, the Department of Immigration and Multicul-

tural Affairs occupied approximately 26,000 square metres of the complex.

The Benjamin Offices complex has inherent limitations with its layout and serious shortcomings with services, including the airconditioning plant. In general, the fitout and amenities of the building are in a deteriorated state. Benjamin Nominees undertook to meet their contractual obligation to improve the condition of the buildings and presented the department with a new leasing option in November last year. They also put forward a proposal for a new building complex to be constructed adjacent to, and on the footprint of, part of the existing Benjamin office building. This offer included a proposal for an integrated fitout. The department considers that the offer of a new purpose-built building represents an extremely attractive and commercial competitive leasing strategy for the Commonwealth and delivers functionally effective, space efficient and environmentally sound A-grade accommodation.

This proposal covers the fitout of the new leased premises for the Department of Immigration and Multicultural Affairs and includes: a general office fitout with fixed partitioning and screens for open plan workstations; shared use facilities such as foyer reception areas, staff amenities and meeting rooms; storage facilities; whitegoods, built-in items for tea points and audiovisual equipment for training rooms; fire protection services; and security provisions, cabling and infrastructure for departmental requirements. Existing furniture items that meet occupational health and safety standards will be reused to the greatest extent possible.

The impact of this development will be significant for the Belconnen Town Centre. Coming as it does on the back of the Australian Bureau of Statistics new building complex, it will provide for further regeneration of the town centre, create short-term employment opportunities and boost economic activity into the future. It is estimated that the construction work force will fluctuate between 100 and 300 workers during the construction of phases 1 and 2 of the project. The total trade cost guaranteed maximum

price for the fitout works is \$19.45 million. The cost to the Commonwealth, after project management fees and cash incentives are taken into account, will be \$16.22 million.

In its report the committee has recommended that this project proceed. The Department of Immigration and Multicultural Affairs agrees with the recommendations of the committee. Construction of the two-stage building is proposed to commence by the end of July this year, with an estimated completion date for stage 1 work of October next year. Stage 2 is scheduled to be completed in June 2004. The fitout works will be integrated with the base building works. Subject to parliamentary approval, the target date for commencement of the fitout works is October this year. I would like, on behalf of the government, to thank the committee for its support. In doing so, I commend the motion to the House.

Question resolved in the affirmative.

Corporations and Securities Committee

Report

Mr SERCOMBE (Maribyrnong) (9.36 p.m.)—On behalf of the Parliamentary Joint Committee on Corporations and Securities, I present the committee's report, incorporating dissenting reports, on the [Corporate Code of Conduct Bill 2000](#), together with the evidence received by the committee.

Ordered that the report be printed.

Mr SERCOMBE—by leave—This report arises from the referral to the committee of a bill introduced into the Senate by Senator Bourne of the Australian Democrats. The bill seeks to have Australian companies operate overseas in accordance with high standards in relation to a number of matters, for example, the environmental impacts of their activities—and that particular area of concern was fairly sharply focused by events involving Australian companies in Romania and Papua New Guinea in relation to the promotion of the health and safety of employees to ensure that Australian companies do not benefit from forced labour or from the labour of children under 14 years of age—and to require companies to pay workers a living wage, not to dismiss workers for reasons of

accident or illness, to allow workers to associate and bargain collectively, and a number of other important issues, including human rights issues.

Whilst these particular objectives are certainly noble objectives, the committee did take evidence and engaged in discussion about a number of formidable difficulties in achieving the intent of the bill. Those areas included discussion and consideration about the scope of the bill and a range of definitional issues, for example, the size of corporations to be affected and definitions of concepts such as living wage and human rights standards. There was consideration in the report and in the preparation of the reports about the extraterritorial application of Australian law in relation to such a broad ranging subject. There was also interest and discussion about the impact of duties being imposed on Australian companies in these sorts of circumstances.

The government members of the committee produced the recommendation in the report that the committee recommend that the bill not be passed because it is unnecessary and unworkable. Government members reached that conclusion despite the views expressed and reported in the committee's report to the parliament. The member for Parramatta, for example, argued quite well, I think, that this bill presented a positive opportunity for the enhancement of the reputation of Australian companies in the international environment. The Labor members of the committee, in producing their report on the deliberations of the committee, came to the view that certainly this was a noble set of intentions but that there were, at this point in time, more appropriate ways to work towards achieving the objectives, including by looking at a requirement for Australian companies operating overseas to develop appropriate codes of conduct and that those companies give regular accounts as to how they adhere to those codes. The Australian Democrats senator on the committee came to the conclusion—and his minority report is included as well—that, while the current bill needs amending, there is a demonstrated need for the initiatives outlined. On quite

complex issues and issues that do attract a great deal of interest in the Australian community, I think it is quite an interesting report, and I would commend it to members.

Members' Interests Committee

Report

Mrs CROSIO (Prospect)—On behalf of the member for Fairfax, the Chairman of the Members' Interests Committee, the committee and as required by resolutions of the House, I table copies of notifications of alterations of interests and a statement of registrable interests received during the period 5 April 2001 to 27 June 2001.

Publications Committee

Report

Mr LIEBERMAN (Indi) (9.41 p.m.)—I present the 27th report of the Publications Committee sitting in conference with the Publications Committee of the Senate. Copies of the report are being circulated to honourable members in the chamber.

Report—by leave—agreed to.

Mr LIEBERMAN—by leave—This month marks the centenary of the first meetings of the precursor to this parliament's Publications Committee—and I thought I would make a brief statement because of that noteworthy event. The current publications committees of the House of Representatives and of the Senate were established on 5 June 1901 and 6 June 1901 respectively—I am not sure whether it was the Senate first or House of Representatives, but I feel confident it was the House of Representatives that was first. Each chamber of the new federal parliament appointed a printing committee to recommend which tabled documents should be printed and thus take their places in the permanent record of the activities of the parliament and the Australian government. The two committees were empowered to confer with each other on 14 November 1901. The first report of the committees, meeting in conference, was tabled, and ordered to be printed, in both houses on 3 September 1902. You might ask: what was the matter that brought about the report? It was the cost of federal printing that focused their minds at

that particular time. A joint series of parliamentary papers was established in 1903. This series continues to this day, with some thousands and thousands of papers recommended by the committees, over the years, to be printed—recommendations to which both houses have agreed.

The printing committees continued largely unchanged until 1970, when, as a result of the 1964 report from the Joint Select Committee on Parliamentary and Government Publications—known as the Erwin committee report—major changes occurred in the area of government printing and publishing and access to such information. These changes included the establishment of the Australian Government Publishing Service, the Government Bookshop and a system of legal depository libraries. The printing committees became the publications committees, with, in addition to the traditional printing function, the power to undertake inquiries on the printing, publication and distribution of parliamentary and government publications.

Since 1970 the joint committee, which this year I have the honour to chair, has produced 11 special investigative reports ranging from, extraordinarily enough, the pink pages of the Victorian telephone directory to the future of the Parliamentary Paper series, which is a much more serious and important issue. The committee has kept watch over developments in Commonwealth publishing and is served very ably by our secretary, Lexia Bain, and support staff. I am sure that past committees over the hundred years have also been able to do their job well because of the competence and diligence of the staff of the parliament, and I pay tribute to them on behalf of all of the members.

The members of the House of Representatives committee in this centenary celebration year are Mr Hardgrave, the member for Moreton; Mrs Hull, the member for Riverina; Mr Lloyd—who is with me today—the member for Robertson; Mrs McFarlane, who is the deputy chair of the House of Representatives committee and the member for Stirling; Mr Rudd, the member for Griffith; Mr Sidebottom, the member for Braddon; and, of course, me. The current committee

aims to continue to ensure, on behalf of the parliament and the people, access to and the preservation of government and parliamentary information, but only in a paper based form. The committee is very interested in the rapidly increasing amount of government information residing on non-print, non hard copy, if you like, material such as the Internet. We are concerned about how that might be accessed and preserved in the future. Our good friends at the National Library have just issued an excellent pamphlet entitled *Safeguarding Australia's Web Resources*. I will read one brief comment from it:

Ongoing access to information resources published on the web is under threat due to changes in the computer technologies that are needed to use them. Dependence on particular hardware and software may result in resources becoming unusable when their support technology becomes obsolete. Australian web resources form a significant part of our documentary heritage and action must be taken now to safeguard them for use into the future.

My colleagues from the Senate and House of Representatives have jointly been doing preliminary work in relation to those changes that are occurring and the challenge of ensuring that valuable information is preserved for the democracy that this great country is and for future scholars and historians. I hope to be making a statement in the near future on behalf of the committee about our thoughts and observations on this matter.

Mr DEPUTY SPEAKER (Mr Jenkins)—I say to the honourable member for Indi as a former chair of the Joint Committee on Publications—in fact, the chair during the 36th Parliament—that I noted with interest his remarks about the history of the committee but also the challenges that the future brings, with different forms of document storage. I also note his remarks about former members of the committee and especially his remarks about the hard work that the staff of the committee have carried out throughout its century of existence.

**WORKPLACE RELATIONS
AMENDMENT (PROHIBITION OF
COMPULSORY UNION FEES) BILL
2001**

Second Reading

Debate resumed.

Ms JULIE BISHOP (Curtin) (9.48 p.m.)—Every individual in our great Australian society has an equal right to the protection of government. That premise informs the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2001](#) and should embolden the commitment of this government and of the Liberal Party of Australia to the right of free association and the protection of citizens from the intimidation, coercion and violence that is woven into the very fabric of the red flag of socialism that resonates so evidently in the trade union movement in Australia.

For too long in this country we have been inclined, as citizens and as legislators, to excuse actions, including threats and bullying, that would be reviled in any other circumstance than the workplace. With the foundation of the Workplace Relations Act 1996 by the now Minister for Defence, the Hon. Peter Reith, Australia began steady progress towards the realisation that crimes and other acts of infamy ought not to be excused on the basis of their perpetrators' class consciousness or enthusiastic zeal. It is to our nation's shame that the preceding history of workplace relations in Australia is littered with a hundred thousand examples of men and women subjected to harassment, intimidation, violence and threats by common thugs in trade union clothes. Too often these crimes, petty or heinous, were excused by recourse to 'social justice'—an imagined justice by which the rights of the individual were sacrificed to the rights of the mob. If this apparent justice necessitated depriving the conscientious objector of his or her livelihood, and their family of their security, so be it. How chillingly close is such thinking to the twin ideologies of national socialism and international socialism that stalked the century past.

Edmund Burke was right to dismiss out of hand the notion of cleaving justice away from liberty, for, as he said, 'whenever a separation is made between liberty and justice, neither is safe'. Fundamental to our liberty as a nation and as private individuals is our freedom to associate or disassociate. That freedom is enshrined in the Workplace Relations Act and in the Office of the Employment Advocate. Nonetheless, it is a freedom that has been subjected to unceasing attack over the past six months as the trade unions and their parliamentary delegates in this place have sought by subterfuge, bluff and coercion to reverse the trend against union membership. The vehicle for that attempted reversal has been a compulsory fee applied to workers who are not members of the trade union concerned.

In January this year, non-union workers at Telstra were served with a \$400 bill by the Communications, Electrical and Plumbing Union in Queensland. The CEPU was most cunning in taking this action. They did not specify that the payment—allegedly related to past pay negotiations—was voluntary or compulsory, although they did specify that the 'invoice' could be paid by credit card, automatic deduction or single payment. ACTU Secretary Greg Combet was even more opaque in his comments, describing the letter as an 'invitation to think about the issue'. The following month, the Australian Industrial Relations Commission released its judgment on the case brought by the Office of the Employment Advocate against a similar \$500 fee levied by the Electrical Trades Union. Senior Industrial Relations Commission Vice-President Tony McIntyre found that such fees were clearly designed for coercive purposes; however, they were not prohibited from inclusion in certified agreements. As with the CEPU claim, this fee was significantly in excess of the annual fees charged by the union concerned.

The following day the Australian Services Union indicated that it would begin similar tactics aimed at non-union employees of Ansett and Qantas. The leadership of the National Tertiary Education Union made similar public comments. So did the Shop Distribu-

tive and Allied Employees Union, the Australian Workers Union, the Victorian Public Service Federation and the Municipal Employees Union, amongst others. By the end of that week, the Health Services Union was implementing another compulsory fee as a companion piece to their disruption of health care services across Victoria. Last month, the ASU was joined by the Transport Workers Union in again threatening non-union staff at Qantas with a compulsory fee—\$400 for the TWU, \$500 for the ASU.

To some extent, it is refreshing that the most sensible response to date has been from my state of Western Australia. This appalling behaviour has been experienced in Western Australia, for earlier this month the WA branch of the Australian Nursing Federation announced that it would slug non-union nurses with a \$400 fee. This irresponsible action brought upon the ANF the outrage of not just the public and the other health professionals but even of the state Labor government. Premier Geoff Gallop referred to the fee claim as a 'red herring' and 'not desirable'. He said that unions ought to win members on the basis of the services they offered. Indeed! The *West Australian* editorialised that the claim was 'bizarre' and amounted to nothing more than:

... a clumsy attempt to achieve compulsory unionism—a denial of the principle of freedom of choice ...

It would be a more honest and honourable course—

the paper suggested—

for the ANF to ask itself why nurses choose not to join it, than to continue with its demand for money in a manner that suggests vindictiveness.

Just four days later it was revealed that about 150 nurses had signed a petition of outrage at the ANF's fee, including many current members of the ANF. In fact, it was common knowledge that a majority of the ANF delegates present at the meeting at which the fee was decided thought the whole idea was a joke.

Unfortunately, the proliferation of these intimidatory fees is far from funny. And it is right and just that this bill will amend the

Workplace Relations Act to prohibit unions and employer organisations alike from requiring non-members to pay fees for 'bargaining services' except where an employee has individually agreed in writing, in advance of the bargaining services being provided, to pay the fee. Understandably, given that such an agreement would be a private matter on behalf of the individual involved, the bill prohibits a certified agreement from including any provision relating to the payment of fees for bargaining services. Furthermore, the bill will also amend the act to prohibit discriminatory action against a person who refuses to pay, or refuses to agree to pay, one of these fees. Both unions and employer groups will not be able to encourage or incite others to take discriminatory action for these same reasons.

We have heard much from the trade union movement and from the opposition in this debate about the rationale for these fees—that is, the rationale other than the boosting of union membership levels, the victimisation of non-union labour and the accumulation of a confiscated nest egg for industrial and political expenditure by the unions and the ALP. Of particular import has been the argument that the fee represents a remedy to a 'free-rider' problem. That is, it is suggested that non-union members benefit from union action. Some, including the shadow minister earlier in this debate, have suggested, darkly, that this is a version of user pays. Leaving aside the temerity with which unions—and I include in this category the university student guilds—compare their position to that of the states and the Commonwealth, this free-rider argument does not stand up to reasonable critique. As Mark Paterson, from the Australian Chamber of Commerce and Industry, noted on 14 February this year:

... unions negotiate agreements on behalf of their members, and have a clear interest in applying the outcome to non-members to ensure that their members are not undercut by other employees. This has been the traditional approach of unions to awards, and they are now using the same technique with agreements. In short, they act to prevent competition.

So in fact, far from being a free-rider problem, there is an abject opposition on the part of organised labour in this country to the differential remuneration of union and non-union workers.

Worse still is the suggestion that this intimidation can be excused on the basis that a majority of employees support its imposition on a minority. That has been the case in the examples I cited earlier, Qantas and Telstra, and is quite a shocking proposition. I am reminded of James Fenimore Cooper's statement that it is:

... a besetting vice of democracies to substitute public opinion for law. This is the usual form in which masses of men exhibit their tyranny.

Australia is a liberal democracy. In a liberal democracy, tyranny is not excused by majoritarian support. That a majority of employees in one place might want to persecute a minority of their fellow employees is neither here nor there, so it would seem. But the proper question is that of the persecution.

Some defenders of the compulsory fee have gone even further, suggesting, in the words of New South Wales Labour Council Secretary Michael Costa, that:

... non-members do not have to join anything, just pay for a service.

That is an incredible statement, for the payment in question is one demanded of someone with whom the union does not have a relationship, for services that they did not request or agree to, at an inflated rate and often some considerable time after the alleged service. Outside of workplace relations, such behaviour is regarded as plain extortion, but that extortion should be wielded as an industrial weapon should come as no surprise. As I have already suggested to this House, the compulsory fees for non-unionists is not a perversion of trade unionism; it is a distillation of the intimidation and thuggery that is fundamental to the union movement and its governing ideology.

Western Australians are well aware of the degree to which trade unions and their personnel operate outside of the law and outside of common decency. I have previously mentioned the current Premier of my state in a

positive light with regard to the demands of the ANF. His performance with regard to other renegade unions in Western Australia is far less worthy. Since February, Western Australian employers and non-union employees have been subjected to extraordinary behaviour that would be dealt with under the fullest extent of the law were it not cloaked in the garb of unionism. Just weeks after the state election, building sites across Perth were visited by union thugs who intimidated employers and employees alike, destroyed property, glued locks and stopped construction work. Within two months, 'no ticket, no start' signs appeared on numerous building sites across the city, including the new Woodside headquarters on the corner of Milligan Street and St Georges Terrace and the residential apartments site on the corner of Victoria Avenue. The obvious intention was to intimidate workers and their employers and openly flout freedom of association protections. CFMEU boss Kevin Reynolds denied that these signs, visible across the cityscape, were indicative of compulsory unionism. 'Perish the thought,' said Big Kev, 'our policy for years has been to achieve full union membership in the industry. These sites are 100 per cent union members by choice.' Quite how the particular phrase 'no ticket, no start' represents persuasion rather than coercion is not readily apparent.

Since these developments, subcontractors have been refused access to building sites and the situation in Western Australia has become embroiled in the wider crisis facing the CFMEU across Australia—a crisis apparently still founded in a split between those union militants whose sympathy is with the dark side of the defunct Soviet Union and those whose sympathies lie with their counterparts in Beijing.

It is also worrying that the building industry task forces established in New South Wales, Queensland and Western Australia in the early 1990s to fight corruption in the building industry have been victims of political persecution by the ALP. Once the Carr government was elected in 1995, the New South Wales task force was disbanded. Likewise, the Queensland task force was

wound up the week after Peter Beattie was elected Premier in 1996. Unfortunately, this has also come to pass in Western Australia. In April, only two months after the state election, the Western Australia task force members were issued with redundancy notices.

There is a very real threat to our civil society from violence excused by politics. I have already expressed in this place my disdain for, and concern about, the violence and destruction of the S11 riots in Melbourne last year. I add to those comments my further concerns about the May Day riots in our capital cities last month. We seem to have reached a point in our political and civil discourse where we can define the assault of police officers, the intimidation of the public, the destruction of private and public property and the robbing of workers of their livelihoods as 'peaceful protest'. This parallels the accommodation of violent picketing, mass assaults and vandalism as part of 'normal picketing'. These deceptions cannot be allowed to continue. A crime is a crime whether or not its perpetrator sports a sloganeering T-shirt. Political crimes should carry no more moral weight than street crimes. A worker is robbed of their livelihood whether or not their assailant is a lone criminal or a picketing mob.

As governments, state and federal, we are obliged to protect Australians from these deceptions. This bill represents one step in that direction. It will prevent unions from using compulsory fees to deceive and intimidate workers who choose not to join a union or who wish to leave a trade union. I acknowledge the particular and principled contribution of the Minister for Employment, Workplace Relations and Small Business in fighting for fundamental Australian fairness in our society. I commend this bill to the House.

Mr ABBOTT (Warringah—Minister for Employment, Workplace Relations and Small Business) (10.05 p.m.)—in reply—I thank all members who have participated in this debate, starting with the shadow minister, the member for Brisbane, and concluding with an excellent speech from my friend and

colleague the member for Curtin—a speech which certainly should be well reported and which I hope she is about to submit to the *West Australian* for its attention.

The **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001** is essentially about freedom of association. It is about ensuring the fundamental right of Australian workers to freedom of association in the workplace. It is about ensuring that we do not have a return to de facto compulsory unionism through the device of what the union movement calls 'bargaining agent fees' but what are more properly known as compulsory union levies.

I can understand traditional unionists being rather concerned about the state of the union movement because over the last couple of decades we have seen union membership in Australia drop from over 50 per cent of the work force to under 25 per cent of the work force. Union membership is now under 20 per cent of the private sector work force for the first time, and for the first time it is under 50 per cent of the public sector work force.

In response to this long-term, dramatic decline in union membership, the ACTU last year adopted a policy of trying to force non-union members in otherwise unionised workplaces to pay what they described as 'bargaining agent fees' but which, as I said, are more appropriately likened to compulsory union levies set at or above the level of union fees. This was rightly challenged by the Employment Advocate, who has the duty and the charge of defending freedom of association principles under the Workplace Relations Act. Unfortunately, even though the Industrial Relations Commission—a single deputy president of the commission—held that these fees were in fact designed to coerce people into the union movement, for a host of technical reasons he decided that they were not unlawful under the act. While the advocate is appealing this decision, with the full support of the federal government, it is also a fact that that appeal may fail. This government is determined to ensure that, come what may with that appeal, the princi-

ple of freedom of association in the workplace is maintained.

This government is opposed to industrial conscription. We are opposed to industrial conscription for some of the reasons I have already indicated, but we are particularly opposed to industrial conscription because, under the relationship that exists between the union movement and the Australian Labor Party, industrial conscription is also political conscription. People who are conscripted into trade unions are also conscripted into a relationship, a financial relationship, with the union movement, and this is the last thing that the Australian people would like to see—people being effectively press-ganged into union membership and, by extension, effectively press-ganged into association with a political party which they may have absolutely no wish to be associated with.

The effect of these compulsory union levies, if this bill is not passed by the parliament, will be that the six million non-union workers in Australia could be forced to pay about \$500 a year in these fees. If this bill is not passed by the parliament, six million non-union members in Australia could face a \$500 a year union tax, thanks to this activity of the ACTU, which the shadow minister has indicated will be supported by the opposition. Even though the shadow minister has indicated the opposition's support in this parliament for this outrageous state of affairs, the Labor Party is obviously very nervous about it. As the member for Curtin pointed out earlier, Premier Gallop of Western Australia has attacked a \$400 compulsory union fee for non-union nurses in Western Australia. He said in the *West Australian* of 7 June:

It complicates the matter and I think it's not desirable to have that on the agenda at the moment.

The paper reports:

Dr Gallop said unions should win members on the basis of the services they offered.

On this matter Geoff Gallop is absolutely right. On this matter so is his Minister for Labour Relations, John Kobelke, who said,

and again I am quoting the *West Australian* of 7 June:

We think unions need to get out and provide services to their members and attract new members on what they can offer.

Unions should get members on the basis of what they can offer. Unions should be no different from any other organisation in society—any business, any lobby group or any political party. They should attract members on the basis of what they can offer, not because people are being compulsorily press-ganged on board. As I said, this is industrial and political conscription that we are opposing with this legislation. It is not just about compulsory membership of unions, it is not just about coercing people to join unions; it is about coercing people to contribute to the Australian Labor Party.

In his contribution earlier today the shadow minister, the member for Brisbane, had underpinning his remarks two fundamental points that he was attempting to assert. The first point was that people are not in fact coerced to pay these fees. The second point he tried to make was that people are free to make these arrangements. Both of these contentions from the member for Brisbane are false. In situations like this, the union goes along to the employer and attempts to negotiate a certified agreement. No-one other than the union officials is involved in these negotiations with the employer.

The government is aware of one instance involving a manufacturing business in Minto, New South Wales, where non-union members nominated a non-unionist to represent them in negotiations because the non-union members were very concerned about a log of claims served on their employer by the Metal Workers Union including, as it happens, the \$500 bargaining agent's fee. In this instance, union representatives refused to negotiate with the employer if the non-union representative was involved in the negotiation process, and the employer, I am afraid, subsequently told the non-union members that they could not be represented and that the agreement would be solely negotiated by the Metal Workers Union. The

fact is that non-union members in these workplaces do not have the freedom to engage in negotiations, as the member for Brisbane asserted. Even if they did have that freedom, why should 49 per cent be coerced by 51 per cent? Why should 51 per cent of the workers in a workplace have the right to force the other 49 per cent to pay a fee or, in effect, to join a union?

The member for Brisbane said that we should not restrict the ability of people in the workplace to put what they wanted into a collective agreement. The legislation, as it stands, prevents many things from going into certified agreements if those things are unconscionable or contrary to public policy. It would be absurd, ludicrous and against the law for people to include in a certified agreement restrictions, for instance, on whether pregnant women, older people or younger people should be employed in a workplace. This bill simply seeks to enshrine in that list of things that cannot be done by certified agreement something else which is contrary to good public policy—that is, coercion of people in breach of ordinary freedom of association principles.

The member for Brisbane talked about the so-called free-rider argument, an argument that the member for Brisbane thinks has been supported by Senator Murray of the Democrats. There is quite an easy solution to this problem. If the union officials or the unionists at a particular workplace deeply resent the fact that non-union members may be covered by an award or agreement that the union has negotiated, do not cover them. Say that the award or agreement is going to cover only certain workers. The reason for that is that the unions want the award or agreement to cover everyone. If they want the award or agreement to cover everyone, they cannot complain and use this free-rider argument.

What the unions want is nothing more than a scam. If a private business were trying to do what the unions want and what the Labor Party is supporting, it would be rightly denounced as an absolute rort, a rip-off and a scam. If someone walks past my house and decides that it is looking a bit shabby and that I need the garden fixed, the door re-

placed and the front fence painted and proceeds to do that without my permission and without seeking agreement in advance and, when I come home, attempts to present me with a \$500 bill, that would be nothing but a scam and a rip-off.

The principle that members opposite are attempting to establish in the case of unions has very interesting ramifications. They say that the union allegedly helps people and therefore everyone who is allegedly helped by the benefit that the union provides must be forced to pay a fee or a compulsory membership fee. No doubt, on the employer side, employer organisations negotiate agreements and awards. Should they be able to charge everyone, whether they are a member or not, a compulsory fee? Political parties help the whole community. The Liberal Party certainly helps the whole of the Australian community. Some might even argue that the Labor Party helps the whole of the Australian community. Does that mean that people should be forced to pay a compulsory fee to the Liberal Party or the Labor Party? Of course it does not. Yet at the heart of this notion of industrial conscription, which members opposite are trying to support through their opposition to this legislation, is the even more insidious principle of political conscription, because of the relationship between the union movement and the Labor Party.

The member for Brisbane tried to draw a link between the government's mutual obligation policies and the situation that he wants to see in the work force: namely, people forced to pay service fees or compulsory levies to the union movement. The essential difference is that people to whom the government applies mutual obligation asked for the benefit. They asked for the benefit and they are paid to the benefit. The people to whom the Australian Labor Party wants to apply its version of mutual obligation do not ask for the benefit. And then you ask yourself: what is the benefit? As speakers on this side of the parliament have pointed out, the so-called benefit of union membership in many industries is the benefit of being on strike when they do not want to be, the bene-

fit of being coerced by union organisers when they do not want to be or the benefit of not being able to enter into Australian workplace agreements, despite the far better pay and conditions that people receive on average under these agreements.

The member for Brisbane also likened this to the registration fees that lawyers and doctors pay. There is a fundamental difference between a registration requirement for the practice of a profession or the plying of a trade and being forced to join an association like a trade union. The fact is that what members opposite are perpetrating is nothing but a scam on the ordinary workers of this country. The member for Brisbane accused the government of trampling on the normal processes of the courts by not permitting the Industrial Relations Commission to decide this matter prior to bringing legislation into this House. In case the member for Brisbane and his colleagues opposite have forgotten, it is this parliament which determines the law of the land. All the courts or commissions do is interpret the law as it stands and as it is set by this parliament. If this government or parliament is not happy with the state of the law, it has every right, and indeed a duty, to change it. And that is exactly what the government is going to do with this bill.

Political parties are not allowed to press-gang people into membership. Business is not allowed to press-gang people into being customers. Trade unions certainly should not be able to press-gang people into membership. This is an important bill, a necessary bill and a bill in defence of the fundamental rights and freedoms of the Australian people. It should be supported by this House. It is to the eternal embarrassment, shame and disgrace of members opposite that they are not supporting this bill. It is to the eternal embarrassment, shame and disgrace of members opposite that they want to levy a \$500-a-year union tax on the five million non-union workers in Australia. I commend the bill to the House.

Question put:

That the bill be now read a second time.

The House divided. [10.25 p.m.]

(Mr Deputy Speaker—Mr H.A. Jenkins)

Ayes.....	71
Noes.....	<u>60</u>
Majority.....	11

AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Baird, B.G.	Barresi, P.A.
Bartlett, K.J.	Bishop, B.K.
Bishop, J.I.	Brough, M.T.
Cadman, A.G.	Cameron, R.A.
Causley, I.R.	Charles, R.E.
Costello, P.H.	Downer, A.J.G.
Draper, P.	Elson, K.S.
Entsch, W.G.	Fahey, J.J.
Fischer, T.A.	Forrest, J.A.*
Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Jull, D.F.
Kelly, D.M.	Kelly, J.M.
Kemp, D.A.	Lawler, A.J.
Lieberman, L.S.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
May, M.A.	McArthur, S.*
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nehl, G. B.
Nelson, B.J.	Neville, P.C.
Prosser, G.D.	Pyne, C.
Reith, P.K.	Ronaldson, M.J.C.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Slipper, P.N.	Southcott, A.J.
St Clair, S.R.	Stone, S.N.
Sullivan, K.J.M.	Thompson, C.P.
Thomson, A.P.	Truss, W.E.
Tuckey, C.W.	Vaile, M.A.J.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Worth, P.M.	

NOES

Adams, D.G.H.	Andrew, J.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crosio, J.A.	Danby, M.
Edwards, G.J.	Ellis, A.L.
Emerson, C.A.	Evans, M.J.
Ferguson, L.D.T.	Ferguson, M.J.

Fitzgibbon, J.A.	Gibbons, S.W.
Gillard, J.E.	Griffin, A.P.
Hall, J.G.	Hatton, M.J.
Hoare, K.J.	Hollis, C.
Irwin, J.	Kernot, C.
Kerr, D.J.C.	Lawrence, C.M.
Lee, M.J.	Livermore, K.F.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Morris, A.A.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, G.M.	O'Keefe, N.P.
Plibersek, T.	Price, L.R.S.
Quick, H.V.	Ripoll, B.F.
Roxon, N.L.	Rudd, K.M.
Sawford, R.W.*	Sciacca, C.A.
Sercombe, R.C.G.*	Short, L.M.
Sidebottom, P.S.	Smith, S.F.
Snowdon, W.E.	Swan, W.M.
Tanner, L.	Thomson, K.J.
Wilkie, K.	Zahra, C.J.

PAIRS

Howard, J.W.	Beazley, K.C.
Wooldridge, M.R.L.	Horne, R.
Somlyay, A.M.	Latham, M.W.

* denotes teller

Question so 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 Abbott**) read a third time.

PATENTS AMENDMENT BILL 2001**Second Reading**

Debate resumed from 24 May, on motion by **Mr Entsch**:

That the bill be now read a second time.

Dr LAWRENCE (Fremantle) (10.31 p.m.)—The **Patents Amendment Bill 2001** amends the Patents Act 1990 to implement changes to Australia's intellectual property framework, particularly in respect of the filing and treatment of patents and patents applications. The government's bill is based largely on the recommendations of both the Intellectual Property and Competition Review Committee's report, *Review of intel-*

lectual property legislation under the competition principles agreement and the Advisory Council on Intellectual Property's review of enforcement of industrial property rights.

The bill makes the following broad changes to the existing patenting regime in Australia. It firstly expands the scope of the information that an invention can be compared against to ensure it complies with the novelty and inventiveness test of the Patents Act. It replaces with a more stringent test the requirement that a patent applicant be given the benefit of the doubt in relation to those tests, and it introduces a requirement for applicants to provide the Commissioner of Patents with the results of any searches that may be relevant to determining whether an invention meets the novelty and inventiveness tests. The bill also makes a number of minor and technical amendments to the Patents Act. This includes an amendment to better protect the interests of third parties, where they have begun to use an invention before the patent owner has sought protection for that invention.

The government has argued that the amendments to this bill are consistent with the patenting requirements in many other countries and will prevent patents being granted in Australia for inventions that would not be patentable in those countries. While this view is generally agreed by patent attorneys and other relevant parties, the bill also contains provisions which some commentators and legal practitioners believe may be prejudicial to Australia's inventors and researchers. These are the features that concern me particularly.

The bill contains two further amendments that are designed to make the provisions of the Patents Act 1990 conform with the conditions currently proposed for the international patent law treaty, also known as the PLT, in anticipation of Australia's possible future accession to that treaty. The PLT is intended to make it easier for patent applicants to obtain patent rights in a number of countries by standardising the formality requirements associated with the patent application process. Once fully implemented, the

provisions of the treaty will make applying for patents in several countries easier and potentially cheaper as patenting rules will be consistent across all member states.

In this case, one of the attendant amendments introduces a period of time, also referred to as a grace period, during which the inventor or developer of a patentable object may publish or otherwise discuss the object without jeopardising the right to patent the object. In the laws of most countries, with the exception of the United States of America, Canada and Japan, any publication which occurs before a patent application is filled will irrevocably constitute a bar to the obtaining of a patent for the invention so published. The grace period provides a formal mechanism for early publication to occur.

As is often the case with such agreements, early adopters of the treaty conditions may in fact be penalised by the fact that other jurisdictions where there is equal access to material published elsewhere under a grace condition will not protect the right of the creator or developer to patent the object in that jurisdiction after publication, regardless of the country of publication. Clearly, this would disadvantage Australian innovators, as they would not be protected in some key markets, including the European Union and some parts of South-East Asia. The recent Ergas committee which reviewed Australia's intellectual property laws, while supporting a period of grace per se, made the following observation:

... in the event that moves to introduce such a grace period are made by the European Patent Organisation on an expeditious basis, in the context of the European Patent Convention, then the introduction of a grace period in Australia should be coordinated with an introduction in Europe.

Several other patents attorneys have made this observation to us too.

In addition to the dangers to Australian applicants discussed above, patent lawyers have raised other potential problems associated with the introduction of a grace period which may affect Australian industry. In particular, such a proposal may attenuate the

time in which a state of uncertainty would exist as to whether or not Australian industry could make use of material that was publicly available in Australia. The premature adoption of a grace period could therefore most prejudice those whom it is allegedly designed to benefit: in other words, those in the academic community who are likely to publish their work in the mistaken belief that the grace period provisions of the Australian legislation will protect them from self-anticipation in their most important international markets. It is this point that creates the greatest concerns with this bill.

Australia is already at a comparative disadvantage internationally in respect of our performance in developing new ideas and innovative products and services. This bill may risk leaving us further behind. That is why we hope that members in the Senate will actually take some time to look at the specific provisions of the bill which may jeopardise Australian inventions, because patents, of course, are a very important indicator of the character of national innovation and patents may be issued for any invention that is novel. We certainly do not want Australians to be penalised. As I have already suggested, at a time when the number of patents applied for and granted in other parts of the world can be seen to be accelerating, we have seen a relatively sluggish performance in Australia. We do not want to jeopardise that even further. Indeed, the CSIRO undertook a recent study on the subject and found that, based on our GDP and comparing us with like nations, the number of patents listed should have been 1,350, and not 800 as it was, for example, in 1998. That is a very significant deficit when compared with other nations.

As Simon Marginson and his colleagues point out in a recent paper on Australia's performance as a knowledge economy, Australia is falling well behind most of the major developed nations in investing in knowledge. As a result, Australia is putting its future position in a knowledge based world seriously at risk. We simply do not want to add to that risk without further examination.

Marginson and his colleagues argue that the net result of this growing disparity is a reduction in our national capacity to engage in, and capitalise on, innovation and the continual improvement and refinement of our performance as a knowledge economy. The further we fall behind, the harder it will be to catch up with our trading partners and international competitors. Ironically, the Prime Minister, the Treasurer and the Minister for Industry, Science and Resources, Senator Minchin, argue that the reverse is true. They see Australia's growing trade deficit in some key areas—for example, in information and communication technology—as evidence of Australia's success as a new economy. Nothing could be further from the truth. As Marginson and his coworkers explain:

Australia's outstanding recent record of investment in fixed assets actually marks us an obsolete economy. In a global knowledge economy, investment in knowledge increases in relation to investment in fixed assets. In Australia in the 1990's, and especially after 1995, the ratio moved sharply in the opposite direction.

They go on to describe Australia as having:

... squandered the opportunity presented by the long period of economic growth.

Hardly the intelligent island of TV watchers advocated by the Prime Minister and the Treasurer. In fact, our innovation performance now appears to be well below that of comparable economies, and shows little sign of recovering soon. The same is true of our patent performance.

Despite a long period of significant improvement in our research and development performance between 1984 and 1995, the share of GDP devoted to research and development has declined dramatically since 1996-97, mainly due to reductions in business sector R&D, which is a direct result of the cutbacks to Commonwealth contributions to private sector R&D made by the Howard government. As Marginson notes:

While a sample of comparable OECD countries increased their R&D expenditure by 4.2% between 1995 and 1998, and US expenditure increased by 5%, Australian R&D expenditure fell by 15.4%.

In some market sectors where innovation is of critical importance—for instance, in high-tech industries such as electronics and software—our innovation performance, or lack thereof, has manifested itself in some very dramatic ways. For example, Australia's comparative position in the manufacture of communications and information equipment has declined significantly in recent years, while in terms of the direct contribution of the information industries—known broadly as the flagship of knowledge industries—to the national economy Australia ranks last of those OECD countries for which information is available.

Even the Prime Minister's own Science, Engineering and Innovation Council, in a report late last year on Australia's IT performance, found:

While Australia has been a good user of Information and Communications Technology (ICT), it has not captured the major benefits of being a producer of ICT goods and services. This is demonstrated in Australia's export and patent performance.

So, again, we do not want to jeopardise an already fragile patent performance. They go on:

By comparison with most OECD countries Australia has failed to position itself to participate in the benefits from the many opportunities offered by ICT.

Despite receiving this advice, the Prime Minister insists on relying only on his convenient usage and 'take-up' statistics, which again is ironic, given that his council also found:

Government efforts to stimulate the development of new ICT intellectual property have been inadequate, and have led to a focus on using ICT rather than creating an environment for ICT innovation.

The Prime Minister at present is the one who has been found guilty as charged of attempting to cut off the debate on this point. He simply refuses to see that we must measure ourselves against global benchmarks—technological change and the maturation of international markets will require it. There will be no hiding our heads in the sand in these international fora. After all, our trading

partners and competitors are already performing well against such measures, and they, if not we, will surely judge us by their performance, so why not the reverse? As Marginson and his colleagues point out:

Between the mid 1980's and the mid 1990's, exports of knowledge intensive goods increased faster than imports, but after 1995 the reverse occurred. Because of the nation's failure to invest in knowledge and in knowledge based industries, Australia is now experiencing a growing trade deficit in knowledge intensive products such as pharmaceuticals, computing equipment, telecommunications and road vehicles. This deficit in knowledge intensive products alone is sufficient to explain the negative trade balance overall, and the dramatic growth of foreign debt, and arguably has played a significant role in global perceptions of Australia as an old economy—which have fed into the weakening market position of the Australian dollar.

Because of our concern about the current state of innovation in Australia and our concern, too, about this legislation potentially placing Australian inventors at a further disadvantage in the international market, we will, as I say, be attempting to have these matters further examined in the Senate. In the meantime, I move:

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

"the House notes concerns expressed in relation to the bill and the circumstances of its introduction, in particular:

- (1) the absence of a proper Government response to the ERGAS Committee report and the consequent failure of the Government to allow a full and proper public debate on the issues before settling the measure, and
- (2) potential problems with the legislation, including elements of uncertainty in its application in practice and its reliance on as yet unknown regulations".

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

Mr Stephen Smith—I second the amendment and reserve my right to speak.

Mr ROSS CAMERON (Parramatta) (10.43 p.m.)—This measure before the House implements a number of recommendations which are drawn from the government's innovation action plan for the future, Backing

Australia's Ability. This is not a mere slogan. It is a comprehensive suite of policies across a broad range of government portfolio areas that is intended to tap and harness the characteristically inventive and ingenious quality of the Australian people. In particular, it stems from the recommendations of the Intellectual Property and Competition Review Committee's report *Review of intellectual property legislation under the competition principles agreement* and, secondly, the Advisory Council on Intellectual Property's review of enforcement of industrial property rights. As I mentioned, the foundation document Backing Australia's Ability involves a commitment of \$2.9 billion in Commonwealth funding over the next five years. I would suggest that that represents the most significant individual commitment of resources to innovation that has ever been witnessed in Australian history.

The specific measure before the House strengthens the process of patent application and seeks to bring the Australian process for registering patents into line with what takes place in the rest of the world. This is a critically important objective because of the fact that knowledge is a global phenomenon. Australia has to place itself in a position both to harness the knowledge generated in other countries around the world and to ensure that Australian inventors are not disadvantaged—that we give them a platform from which they can project Australian innovation to markets around the world. We seek here to actually strengthen the requirements for registering a patent in Australia by a number of means, firstly, to ensure that the tests for inventiveness and novelty are strengthened by allowing the registrar to consider a wider body of material on inventiveness and, secondly, to submit a more stringent test than the benefit of the doubt test which previously prevailed. The amendments are consistent with requirements in other countries and will prevent patents being granted in Australia for inventions that would not be patentable in other countries.

The objective here is, as I said, to draw out, to harness and to develop the great Australian ideas. Many of us will have had the

experience of constituents coming to see us with concerns about Australian ideas being lost to the rest of the world, of Australian inventors having difficulty accessing capital, registering their patents and developing them in Australia. In fact, the Prime Minister pointed out in his own introduction to the Backing Australia's Ability package a number of those inventions which we have seen go offshore. Among them, for example, is the black box technology in aircraft, which was invented here in Australia but was developed overseas; likewise, the gene technology process, which was invented in Australia but was developed overseas. We are looking to ensure, through this measure and through the entire Backing Australia's Ability package, that more of those good ideas are developed commercially here. There are two things that we are seeking to achieve: firstly, we want to retain the benefit of commercial development of the ideas in Australia; and, secondly—and this is a critical objective—we want to retain the brains in Australia. We want to retain the best and the brightest people in Australia. We do not want to see a situation where our most brilliant postgraduate students, for example, cannot find places in Australian institutions—

Mr Anthony—Brilliant students like the member for Parramatta.

Mr ROSS CAMERON—The minister at the table is overly generous—but certainly brilliant students like those in the member for Parramatta's electorate. For example, my electorate has the most concentrated health research precinct of anywhere in Australia, with two teaching hospitals, Westmead Hospital and the New Children's Hospital. Around them is a concentration of medical and biotechnology research, such as the Children's Medical Research Institute and the Westmead Millennium Foundation. I might add that the Westmead Millennium Foundation, in the last two years alone, has registered 12 new patents in critical areas of diagnostics in particular, which are making the world safer, which are saving lives and which are also keeping the 300 medical researchers based at those two centres here in Australia, under intense pressure from com-

petitive institutions in other parts of the world. That is the objective.

It is not just rhetoric on the part of the government. We have backed our verbal concerns with a concrete allocation of resources. The Backing Australia's Ability statement includes an R&D tax concession rate of 175 per cent for additional labour related R&D expenditure, it gives \$535 million over five years to continue the research and development start grants and it doubles funding for the Australian Research Council grants over the next five years. For what it is worth, I am currently pitching to the Prime Minister and the minister that, under the Backing Australia's Ability statement, we now have a capacity to create world-class centres of excellence in information and communications technology and to create major national research facilities to undertake large-scale research of national significance. There could be no more appropriate place to make that investment than in this health research precinct that we have at Westmead.

There are two, if you like, competing challenges in this task of the creation and dissemination of knowledge. The first is to give sufficient incentive and reward to the individual inventors to encourage the process of invention, and the second is to do that in a way that does not unduly inhibit the dissemination and use of that newly created knowledge. They are the two interests which we are attempting to balance in the measure before the House.

The member for Fremantle mentioned a concern about the grace period. The grace period is intended to ensure that an inventor who comes forward seeking a patent and who is unsuccessful in the first instance is given an opportunity to address the defects in the original application. It is a matter of natural justice, if you like, that you should not be faced with a precipice situation where you either completely succeed or completely fail, with just a one-off opportunity to present your case. The legislation rightly allows this grace period so that the inventor might have an opportunity to meet with the registrar, to go through individually the concerns raised

with the registrar, if necessary to contest the questions raised in relation to inventiveness and novelty, and if possible to rectify those defects before all of that work in generation of the original application is wasted. The concerns about the grace period have been specifically addressed by the government in this measure. The Backing Australia's Ability statement clearly announced the government's intention to introduce a grace period. The [Patents Amendment Bill 2001](#) does not contain amendments to implement the grace period, but the grace period will more appropriately be implemented by making amendments to the Patents Regulations. There is still ample opportunity for any interested groups to provide input into the details of its implementation.

The bill is consistent with the exhaustive and rigorous process of consultation which has taken place since the government fulfilled its undertaking in the 1998 election to have a National Innovation Summit. This document arises out of the recommendations which were conceived at the Innovation Summit, were further considered by the Intellectual Property and Competition Review Committee and subsequently by the Advisory Council on Industrial Property. We hope that the intellectual property community—if I can describe it in that way—will continue to grow and flourish. That community has warmly welcomed this commitment of \$2.9 billion in funds for this legislation and has had an extensive input to the development of the legislation.

This capacity for invention, innovation and novelty is a uniquely human capability. It is one of the things which, I suggest, distinguishes us from the rest of the animal kingdom. We are not beings that respond purely by instinct. We are not creatures of the jungle who act entirely on the basis of our genetic code. We have been given this unique, some might even say divine, capability to imagine a world different from the one in which we exist today. Management consultants, when looking at the difference between companies that flourish and those that wither away, have identified a concept described as latency. Latency is the question

of how effectively an organisation recognises a good idea, promotes it through the decision making hierarchy and then acts upon it, producing some positive outcome, some change in culture. We as a nation must recognise this tendency to latency, to inertia, the tendency of human beings to be conservative, reactionary and to resist that which is new and different. For example, in this parliament we need to have a capacity to encourage debate, to nurture new ideas and to lift up those who are providing a fresh perspective.

Recently, I mentioned the great sadness that many of us on this side of the House have felt, for example, when the member for Werriwa—clearly a person of significant intellect, who has been widely published—came forward, having spent months and months in consultations developing a new education policy, but that policy was simply too startling, too innovative, too refreshingly different to survive that little cadre of nameless powerbrokers within the ALP who usually occupy the advisers' desks over there. Although not elected, they seem to be the ones who wield the real power in the organisation. So we saw, in the case of the member for Werriwa, a crushing of innovation and a statement by the Australian Labor Party that that sort of fresh thinking could simply not be tolerated; that, while Great Britain was capable of producing New Labour, it would be very much business as usual here. I do not want to make a purely partisan point. All of us need to have the capacity to tolerate difference, to be appreciative of the new. This bill is a step towards that in this patent registration process.

The question of prior art is really the basis upon which novelty is established. An inventor has to be able to demonstrate that the idea which he or she is promoting as new has not been thought of by someone else, either in Australia or somewhere in the world. Fairly exhaustive searches of the prior art take place before any particular patent is submitted for consideration. The bill now requires the searches undertaken by the patentee to be disclosed to the registrar. This is an important new safeguard in the legislation. It is important because it means that we

do not have Australian inventors who go through all the work of preparing a patent and believe their intellectual property to be adequately protected, only to find, when they seek to exploit the patent in some other jurisdiction, that a court finds that basic principles of novelty have not really been established.

What you see, contrary to the assertions of the member for Fremantle, is not Australia falling behind the rest of the world in this measure; it is specifically designed to ensure that Australia can participate as peers with the rest of the world. As I say, it follows an extensive period of consultation and has had the input of the legal profession specialising in intellectual property and of the inventors themselves. I regard it as a sensible compromise between those two goals, providing incentive and reward to the individual patentee while allowing the dissemination and exploitation of new knowledge. I think it is a thoroughly worthy measure and I commend it to the House.

Mr JENKINS (Scullin) (10.58 p.m.)—The [Patents Amendment Bill 2001](#) proposes amendments to the Patents Act 1990. As outlined in the explanatory memorandum to the bill, these are by way of, firstly, expanding the scope of the information that an invention can be compared against to ensure that it complies with the novelty and inventiveness test of the Patents Act; secondly, replacing the requirement that a patent applicant be given the benefit of the doubt in relation to these tests with a more stringent test; and, thirdly, introducing a requirement for applicants to provide the commissioner with the results of any searches they have carried out that may be relevant in determining whether an invention meets these tests. The bill also makes two minor amendments to bring the provisions of the Patents Act into line with the proposed patent law treaty, pursuant to Australia's possible accession to that treaty.

In his second reading speech, the Parliamentary Secretary to the Minister for Industry, Science and Resources indicated that these amendments will increase the scope of the information the commissioner can take

into account in deciding whether an invention involves an inventive and innovative step and will more closely align our practices with those of Europe and the United States. Therefore, it is an opportunity to talk briefly about the global context in which we see our patent law developing and the protection of intellectual property.

Globalisation means that the issues of patents and intellectual property have in turn become issues that require global solutions. The days when an invention or piece of innovation could be protected by the laws of one jurisdiction and required protection to be lodged in each individual jurisdiction are gone. Technological advancement and the needs of modern society have meant that a streamlined, faster system is required and that the laws of one jurisdiction are simply inadequate to protect intellectual property.

The example of the European patent system is one that has proved the best example of multijurisdictional arrangements. It is an example of successful economic and political cooperation between the states of Europe. It provides patent protection in up to 19 European countries on the basis of a single patent application and a single grant procedure. The patents can be extended to additional countries by the signing of agreements with the European patent organisation. The significance of the European Patent Office is that it represents this shift to a bloc of jurisdictions making their own arrangements. Of course Australia is not exactly analogous in this context because ideas as to the way in which we can embrace blocs are not so immediate. But, as has been indicated in the second reading speech, we would in turn look to perhaps Europe and the United States as two of the most powerful blocs of patent law.

Since Federation, Australia has had a fine history in developing its protection of intellectual property and patent law. It has set about—and I have had the opportunity to debate previous amendments to the Patents Act—doing things of its own volition where it sees that as being in the national interest. Australia can fast-track its own acceptance procedures and approvals for items such as pharmaceuticals when it deems that it is in

the public interest to do so as quickly as possible. If substantial work has already been done overseas, in some cases that work does not need to be repeated here in Australia before approval occurs. I acknowledge that pharmaceuticals are a special case, but it is still important to look at them in terms of the way in which the patent law applies to them.

This debate gives us an opportunity to look at some of the more controversial issues of drug or pharmaceutical patents which have been in the news in recent months in a global context. There has been international outrage at the use of drug patents to deny developing nations access to cheap AIDS drugs, for instance. This issue has generated so much controversy that last week the World Trade Organisation devoted one day of its three-day meeting in Geneva to the issue. The issue is that, under WTO rules, developing nations are obliged to protect international patents, including those on new drugs. This means that cheaper generic versions are unavailable to developing nations and they too must pay what the pharmaceutical companies demand for them. This makes these much needed drugs virtually inaccessible for the vast majority of developing nations.

There was a much publicised court case which collapsed in April where 39 pharmaceutical companies attempted to deny South Africa access to the cheaper drugs. It was a public relations nightmare for the companies involved and made them look as though they were putting their patent right ahead of one of the most serious public health issues in the world today. No-one disputes these companies' right to make profits for their shareholders, but surely there must still be some sort of altruism in today's world in the sharing and commercialisation of intellectual property. This is particularly the case when we are dealing with issues of public health.

The very first modern wonder drug, penicillin, was never patented. The British government in 1928 decided that such a discovery with such great benefit for the whole world should never be a monopoly. That is perhaps the dilemma about some of the de-

veloping technologies that we have, where the commercial interest perhaps overrides some greater public benefit that can be had by the sharing of the intellectual property.

In the case of this piece of legislation, the opposition has moved an amendment to the motion that the bill be read a second time. The first item of the amendment goes to the fact that there is not at present a proper government response to the Ergas committee and, therefore, we have the failure of the government to allow full and proper public debate of the issues before settling on measures, some of which are contained in this bill.

The second item in the second reading amendment goes to the potential problems with the legislation, including elements of uncertainty in the application of the regulations. The honourable member for Paramatta has already raised his contention on the point made by the honourable member for Fremantle about the grace period—that this is all going to be solved by the regulations under any act that comes from these proposed amendments. The point we make is that we have not had a discussion of the type that is required. That brings me to what is described even in the explanatory memorandum as a minor amendment for the purpose of trying to make the Patent Act itself more in line with the proposed patent law treaty. It is interesting that this parliament has developed a committee whose main aim is to look at treaties that Australia enters into. I would have thought that at some stage the patent law treaty might need to be thoroughly considered in the context of what is happening.

One of the things that intrigues me is how we can harmonise our patent law with the laws of the two largest global blocs, that is, the United States and Europe. How can we reconcile our law—and some might say only subtly—with the laws of those blocs when they appear to have a different attitude to the grace period? As I understand it, Europe is only slowly moving towards the type of measure that is being proposed. What we would want to have in Australia is some certainty that, if the intention of government

is to bring us into line with the way in which the global community is moving and the way in which it looks at the protection of intellectual property, we will be able to do so.

In a lot of these issues to do with globalisation, sometimes it is a bit difficult for not only the general public but some of the practitioners to be sure that there has been proper discussion and debate about the issues at hand. In fact, in the context of other debates that go on about globalisation, it is always a point of contention about whether the processes in which we involve ourselves are truly transparent. I think that in an area such as this, where the government claims that it is trying to promote Australia's ability to be innovative, that it is trying to promote businesses no matter what size they are and institutes of research no matter where they are to be confident that they can develop intellectual property and get it properly protected, the processes that we go about in setting the law and the regulations that pertain to those things should be seen to be completely transparent. We should be able to see and have the fullest of consultation.

So here, very late in a session, we are seeing this piece of legislation go through. As the honourable member for Fremantle has indicated, the opposition will be pursuing through the Senate system a number of the matters that have been raised in the very brief and short debate that we have had here in the House of Representatives. We hope that that will enable a fuller and greater discussion of the issues and will ensure that those who have a particular interest in this subject are able to put their case; that, in our manner of developing Australia's response to what is going on globally in relation to protection of intellectual property, we are perceived to be not leading the field in order to get gold medals as the first to be approaching full globalisation about everything but rather actually putting in place measures that truly do encourage innovation; and that, whilst acting as global citizens, we are able to protect our national interest. I hope—and I know that you personally would appreciate this, Mr Deputy Speaker Quick—that, in our overriding intent of protecting the uses of

intellectual property in the national interest, we do not go too far in ignoring the way in which we can apply many of the innovations to assist in many of the things that are happening in the world where Australia can show a great deal of leadership. I support the second reading amendment. I hope that the government is able to find its way to seriously address those matters that have been raised in the debate.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (11.10 p.m.)—In summing up the second reading debate on the **Patents Amendment Bill 2001**, I would like to thank all of those members who contributed to the debate on this bill. In particular, I would like to thank the member for Fremantle, who raised issues relating to consultation leading up to this bill and to grace periods.

In addressing the consultation process, I would suggest that this bill picks up the results of a very extensive consultation process with a wide range of interest groups, including the Innovation Summit in February 2000 and culminating in the Prime Minister's launch of Backing Australia's Ability: An Innovation Action Plan for the Future in January this year. The government's intention to strengthen the examination of novelty and inventive step was featured in the Backing Australia's Ability statement. The Backing Australia's Ability statement made it clear that these initiatives were to be fast-tracked ahead of any formal government response to the recommendations of the Intellectual Property and Competition Review Committee and of the Advisory Council on Industrial Property review of patent enforcement. The amendments in this bill implement the BAA commitment.

Both the IPCRC and ACIP consulted widely in the preparation of their reports. All of the IPCRC recommendations that are implemented in this bill were in their interim report. Therefore, interest groups had the opportunity to provide comments on these issues before the final report was released. The government, in progressing the BAA initiatives, has also consulted widely with

representatives of all major interest groups, including the Institute of Patent and Trade Mark Attorneys of Australia.

With regard to the grace period, the member for Fremantle suggested that there are only three countries that actually have the grace period. I do not know where she got her information from, because the reality is that there are 38 different countries around the world already recognising a grace period, including the United States, Canada and Japan. The fact that most EC countries do not recognise a grace period has not prevented these 38 countries from offering patent applicants the benefits associated with a grace period. The government has decided that immediate introduction of a grace period will improve the present situation. At least those who inadvertently disclose their invention will not be disqualified from subsequently obtaining patent rights in Australia. At present, any future patent rights would be lost. In reaching this decision, the government has consulted widely with representatives of all of the major interest groups while progressing the BAA initiatives and considering its response to the IPCRC review.

The member for Parramatta properly noted this government's commitment to innovation, most recently exemplified in our Backing Australia's Ability statement. He spoke on how this bill will contribute to innovation by strengthening Australia's patent laws. This will assist Australian inventors and help good ideas to be developed commercially. Any patents developed from these good ideas will be stronger and therefore provide the owner of the patent with more certainty in enforcing those patents.

The member for Scullin spoke about the importance of having a system akin to those of our major trading partners, including Europe and the US. In fact, this bill, by strengthening the patent system, brings it more in line with Europe and the US. While he was concerned about the disparity between the US and Europe in relation to the grace period, I should point out that Japan, our major trading partner, also has a grace period.

The coalition government is committed to fostering innovation and maintaining a strong and effective intellectual property system in Australia. Our commitment is reflected in the innovation action plan, Backing Australia's Ability, announced in January this year. This action plan is worth \$2.9 billion over five years and builds on the \$4.5 billion the government has spent on innovation in this financial year. The Patents Amendment Bill is a key part of the innovation action plan. It demonstrates the government's commitment to providing a patent system that meets the needs of all Australians and highlights our ongoing efforts to improve the scope of intellectual property protection in Australia.

In this age of globalisation, patent protection is invariably required in more than one country. As I outlined in my second reading speech, the amendments in this bill will strengthen the examination of patent novelty and inventive step to more closely align those criteria with international standards. These amendments will result in stronger patent rights and mean that patent owners can expect greater certainty in enforcing their patents.

In addition, the bill makes the necessary minor changes to the Patents Act to bring it into line with the proposed patent law treaty. If Australia accedes to this treaty, filing a patent application in more than one country will be easier because it harmonises the formality requirements for patent applications. This bill does not, for good reason, include the other major patents initiative announced in Backing Australia's Ability—the introduction of a 12-month grace period to help prevent the loss of patent rights through disclosure of an invention prior to the filing of a patent application. The grace period will more appropriately be implemented by amendments to the patents regulations, and its introduction will be timed to coincide with the commencement of this bill. The government is committed to consulting with interest groups in developing the grace period regulations. To ensure that the grace period is meeting its objectives, it will be reviewed two years after its commencement.

The improvements to the patent system made by this bill will benefit Australian inventors and promote innovation in this country. They emphasise the government's commitment to ensuring Australia prospers in today's knowledge based economy.

Amendment negatived.

Original 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 Entsch**) read a third time.

FINANCIAL SERVICES REFORM BILL 2001

Cognate bills:

FINANCIAL SERVICES REFORM (CONSEQUENTIAL PROVISIONS) BILL 2001

CORPORATIONS (FEES) AMENDMENT BILL 2001

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL 2001

CORPORATIONS (COMPENSATION ARRANGEMENTS LEVIES) BILL 2001

Second Reading

Debate resumed from 5 April, on motion by **Mr Hockey**:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (11.20 p.m.)—In commencing my speech on the [Financial Services Reform Bill 2001](#) and related bills, I indicate that I have received a great deal of assistance from Senator Stephen Conroy and his office, in particular Diane Brown, in preparing the opposition response in the House of Representatives to this legislation. Labor support the objectives behind the Financial Services Reform Bill. We were keen to see the detail, and now that the bill has been introduced we are doing our best to assist the minister as much as we can in having this bill debated. We are not slowing down this bill—there has been a bit of scut-

tlebutt about from the government to that effect—rather, we have assisted wherever we could. We stated early our intention to have a parliamentary committee inquire into this bill. The joint parliamentary committee resolved to inquire into the bill and placed an advertisement calling for submissions almost immediately upon the bill being introduced. They have since held a number of meetings and are moving at a quite rapid pace through that process. That process will, of course, help Labor and the broader community to develop their position and form their views on the bill.

Our task is not made any easier by the fact that the bill keeps evolving. We see today a number of substantial policy amendments by the government. ASIC is issuing policy proposal papers as quickly as it can and has, since the introduction of the bill, issued two sets of policy papers, and nine policy papers overall. It is suggested that another three sets of policy proposal papers are still to come. Also, we are yet to see the regulations. This is not a minor point because the structure of the bill, the philosophy of the bill, is to include only the principles in the bill and include all the details in the regulations. Industry and consumer groups are also seeking confirmation of what is going to be in the regulations.

Industry is asking for time to consider the bill, and there have been quite a few submissions to the joint parliamentary committee to that effect. This is understandable, given the size of the bill, the great change that it is intending to make to the financial services industry, the absence of detail from Treasury, the changes in the legislation coming from the minister and the quantity of material coming from ASIC. I urge the minister to provide draft regulations so that industry and others can gather and develop confidence in the bill. On the substantive issues, Labor welcomes the improvements that this bill promises to bring in the level of disclosure to consumers and the maintenance of competence and expertise in the financial services industry. If consumers are to be provided with extra information that will enable them to make better financial decisions or to ob-

tain better financial advice, these reforms are to be welcomed.

I mention two areas of concern. The first is the question of the recording of telephone conversations in relation to takeovers. We would be interested in some advice from the government at some point about the origin of this proposal. No-one, including the Australian Shareholders Association, has indicated to the parliamentary committee that there is a problem which requires such an expensive solution; and a number of business organisations—the SIA, the IBSA, the Law Council and so on—believe that it is unnecessary and will inhibit takeover activity in Australia. The proposal appears to have been made without any consultation—not unusual from the Minister for Financial Services and Regulation. But this proposal does look suspiciously like a minister for financial services special—no-one is owning up to having suggested or supported it at any stage.

The second concern is the one I want to spend a bit of time on. Having opposition responsibility for superannuation I know a bit about this area and it is something which relevant groups have expressed some real concerns about, and that is the issue of superannuation and the possible impact of this bill on trustees. Most members of the House will be aware that superannuation is regulated under the Superannuation Industry (Supervision) Act, which recognises a system of superannuation with trustee representation. I want to stress the importance and relevance of that system to workers, and the job that it does in lowering costs to superannuation fund members. I want to bring to the attention of the minister the concerns of organisations such as the Corporate Superannuation Association that the Financial Services Reform Bill may damage and could even ultimately destroy corporate superannuation, and to express my own view that that would not be a good thing.

There has been a submission from Freehills on behalf of the Corporate Superannuation Association suggesting a partial carve-out of not-for-profit superannuation from the Financial Services Reform Bill. The basis on

which they make that proposition is, firstly, that not-for-profit superannuation is different from other financial products. And by 'not-for-profit' superannuation we are talking about corporate funds operated solely for the employees of a particular employer. We are also talking about industry funds operated for the employees of employers within a given industry and those funds which are not public offer superannuation funds within the meaning of the Superannuation Industry (Supervision) Act.

The things about those funds that differentiate them from other financial products are that they are subject to equal representation requirements—that is, half of the trustees are appointed by the employer and half are elected or appointed on behalf of members; they have voluntary trustees; the funds are run by members for the members, with no profit motive; the costs are low; and either their operation is subsidised by the employer or they have alliances and can use their collective bargaining power to keep costs down. They exist primarily to receive the mandated employer contributions to superannuation guarantee or contributions coming under an industrial award or agreement. In this sense, they are instruments of the government's retirement incomes policy. The point is made by Freehills that uniform regulation is only appropriate for products with similar underlying characteristics and that not-for-profit superannuation is functionally different from other financial products and is best regulated under tailored legislation like the Superannuation Industry (Supervision) Act. The Financial Services Reform Bill regime, with its Corporations Law focus, represents a significant regulatory shift for these funds. The issue here is: is there a coherent, proper policy rationale for such a change?

On the other hand, for-profit superannuation is readily compatible with other financial products. We would include public offer superannuation funds within that kind of assessment category. Public offer funds must have an APRA approved trustee; hence they are already subject to indirect licensing under the Superannuation Industry (Supervi-

sion) Act by virtue of the APRA approval processes and the stringent terms of those instruments of approval. The SIS legislation, with its tiered approach to regulation, already imposes quite onerous disclosure and conduct requirements on public offer funds. So public offer funds are more functionally similar to other financial products and, hence, there is a more compelling argument for uniform Corporations Law regulation in their case. For these funds, the regime does not represent a particularly radical change in regulatory focus.

The next point that is made in relation to the not-for-profit superannuation funds is that the recommendations in the Wallis report simply do not apply to them. The bill that we have before the House is based on the financial system inquiry report, but the recommendations in the report for uniform regulation of the financial sector do not appear to contemplate not-for-profit superannuation. The references in paragraph 2.7 of the explanatory memorandum talk about the report having recommended a single set of conduct requirements for investment sales and advice, a single licensing regime for all advisers providing investment advice, laws covering financial markets and so on. The trustees of not-for-profit superannuation funds do not fall within those sorts of recommendations and that structure.

It is also noted that the functions represented in the concept of financial products are not performed by not-for-profit superannuation and that the trustees of not-for-profit superannuation funds do not carry on a business for profit. It is noted that the licensing regime being proposed here is a substantive change in regulatory focus for not-for-profit superannuation and it is argued that the Financial Services Reform Bill licensing regime unnecessarily increases costs of not-for-profit superannuation funds and negatively impacts on their members. It is a matter of some concern that, in the case of not-for-profit superannuation, there would be substantial costs in moving to the FSRB licensing regime, mainly because the licensing requirements will be completely new. The

additional costs are almost certainly to be borne by fund members.

It is suggested and argued that the licensing regime could have such an impact on not-for-profit superannuation as to lead to its demise. It is noted that applicants for a licence under the bill must have adequate financial resources, relevant competence, skills and experience and adequate systems for training and supervision of representatives. It is likely that many trustees of not-for-profit superannuation funds would be unable to meet those requirements. It should be remembered that the Financial Services Reform Bill requirements are based on the current Corporations Law regime designed for the regulation of agents, intermediaries and advisers. Therefore, they do not readily translate to the administration of superannuation funds by elected trustee representatives who rely heavily on outsourcing specific functions to qualified service providers in order to meet their responsibilities. The SIS legislation endorses a trust law model of delegation to carefully selected agents with adequate supervision and ultimate control by the trustee. Replacing that sort of model with the Corporations Law model could have a very adverse effect on not-for-profit superannuation which, I would argue, is unwarranted.

It is also argued that the licensing regime over-regulates not-for-profit superannuation, that many of the disclosure obligations attached to FSRB licences are irrelevant to not-for-profit superannuation and that licensing of not-for-profit superannuation has adverse consequences for employers. To give the House a bit more detail on that concern, because of the broad definition of 'dealing', it is possible that employers would need to become authorised representatives of the trustee in order to enrol employees in their own employer sponsored fund. In such a situation, the trustee might require an indemnity from the employer. These are a series of quite serious concerns which have been expressed on behalf of the Corporate Superannuation Association regarding the impact of this bill on not-for-profit superannuation and we would certainly urge the government's

further attention to, and consideration of, these issues as the bill is developed.

Let me now turn to some of the detail of the bill. The bill deals, amongst other things, with the authorisation of financial market operators and clearing and settlement facilities. It introduces a harmonised regulatory regime across the financial services industry. By adopting a functional definition of 'financial product' and 'financial advice', the bill introduces a single licensing framework for all financial service providers, replacing the differing licensing requirements currently imposed for dealers and advisers in securities, futures, banking products, managed funds, superannuation and insurance. It introduces minimum standards of conduct for financial service providers and enhanced disclosure of financial service products when dealing with retail clients and it introduces various other amendments to the Corporations Law, including amendments to the market misconduct provisions and amendments to the continuous disclosure provisions. There is also the introduction, as I mentioned before, of the recording of telephone conversations during takeovers.

The bill will replace chapters 7 and 8 of the Corporations Law, repeal the Insurance (Agents and Brokers) Act, repeal provisions in the Insurance Act and Retirement Savings Accounts Act and amend the Life Insurance Act, the Insurance Contracts Act, among other acts. It is quite a substantial piece of legislation by any yardstick. It is currently being inquired into by the Joint Parliamentary Committee on Corporations and Securities and, as a result of some of the evidence received, we have seen quite a few changes being made to the legislation on the way through. I want to comment on some of the specific provisions and the stage that they are up to.

First, there is the authorisation of financial market operators and clearing and settlement facilities. For financial market operators, a person or corporation must be licensed to operate a financial market. For example, the ASX and SFE—the Sydney Futures Exchange—are currently licensed to operate a

securities market and futures market, respectively. There are number of changes to occur in this respect and the more significant ones are as follows. A licensee will be licensed to operate a financial market, removing the current distinction between securities markets and futures markets, subject to any conditions on the licence. A licensee may list on its own market if it has entered into such arrangements as ASIC requires for dealing with possible conflicts of interest and for the purpose of ensuring the integrity of trading in the licensee's financial products. So ASIC's role in relation to the ASX will now be explicitly set out in legislation. Licensed markets through which participants provide services for retail clients must have compensation arrangements where the participants hold property on behalf of those clients.

The current Corporations Law does not distinguish between retail clients and wholesale clients. The compensation arrangements can be provided through the National Guarantee Fund—that is, the existing scheme; or, in a change to the existing law, the licensee may make their own compensation arrangements, for example, a fidelity fund, an insurance arrangement or an irrevocable letter of credit. The obligations of licensees are still to be fully examined. The regulations, which have not yet been released, will have to contain a lot of the obligations currently specified in the Corporations Law.

There are also provisions concerning clearing and settlement facilities. Currently, there are only two approved clearing houses: the SCH, which is associated with the ASX, and the SFE clearing house. Competition in relation to the clearing and settlement facilities is discouraged at present by significant advantages conferred on the SCH under the existing provisions, such as its unique access to provisions which facilitate electronic transfer of legal title. The bill attempts to enhance competition in respect of clearing and settlement facilities by extending the ability to carry out electronic transfers of trades to all prescribed facilities, ending the SCH competitive advantage in this regard.

There is next the question of limits on involvement with licensees. The FSRB introduces a 15 per cent limit, or such higher limit set by the minister if it is considered to be in the national interest, on any person's voting power in a market licensee, a clearing and settlement facilities licensee or a holding company of such a licensee. Presently, the ASX is subject to a five per cent shareholder limitation, so a move to a 15 per cent limit would be clearly a substantial change in terms of the likely ownership structure of the ASX. This bill gives ASIC the power to disqualify someone involved in a market or clearing and settlement facility—a director or an executive officer or similar—if they are an 'unfit person', having regard to the fame, character and integrity of that person. A licence will not be granted where a disqualified person is involved, and a licensee has an obligation to ensure that no disqualified person becomes involved in the licence.

There are also some new provisions concerning the licensing of financial service providers. Any person who deals in a 'financial product' or gives 'financial product advice' will now be required to be licensed. Currently, only dealers in securities, derivatives and managed investment funds and persons who provide advice in relation to those products have to be licensed. Under the SI(S) Act, certain superannuation trustees must be 'approved trustees'. There are going to be some substantial changes in this area. A licensee will be required to satisfy a number of obligations in order to be licensed. People who are currently licensed will be largely unaffected, but people who have indicated that they might be affected by the changes include the trustees of not-for-profit superannuation funds—and I have discussed their case earlier—lawyers and accountants, media, and multi life and investment advisers.

Lawyers and accountants are currently exempted from the requirement to be licensed where the provision of investment advice is merely incidental to the practice of their profession. This exemption has been removed in this bill. There are lawyers and accountants arguing that the broad definition of 'financial advice' will curtail their ability to give com-

mercial advice. For example, in the context of a construction contract, it would be financial product advice for a lawyer to warn a client about the need to insure. Lawyers have been given a partial exemption such that advice given by a lawyer in his or her professional capacity about matters of law, legal interpretation or the application of the law to any facts is not financial product advice. Lawyers have, however, stated that this does not solve their problem. Advice by accountants is not addressed by this partial exemption either. So those issues have been raised.

In addition, the media is currently exempted from the requirement to be licensed where the advice is published in a newspaper that is generally available to the public other than only on subscription and whose sole or principal purpose is not to advise other persons about securities or to publish securities reports. That exemption has been removed, so journalists reporting corporate affairs on that basis would arguably be required to be licensed. ASIC has proposed to grant an exemption for newspapers and other media on a journalist-by-journalist basis and article-by-article basis. It does strike media groups, and me as well, that this is unworkable, that it interferes with freedom of the press and will curtail information available to the public. I would have thought that more information generally available is a desirable thing.

Multi-agents and single agents currently are not licensed but are appointed representatives of licensees. The problem that has been identified for agents is that their approval as representatives will be revoked upon commencement of the bill, and they will be no longer able to operate their business. Their options then are to either obtain a licence or seek appointment as an authorised representative of a licensee under the act. The government believes that a previously approved representative seeking reappointment as an authorised representative should not be problematic. We are going to watch this more closely and see whether this issue can be resolved following further consideration.

There are some other issues in relation to licensing that I want to briefly touch on. The

first is the question of 'efficiently, honestly and fairly'. Currently, the Corporations Law provides that a licence will only be granted if ASIC has no reason to believe that the applicant will not perform 'efficiently, honestly and fairly' the duties of a licensee. The bill replaces this requirement with an obligation on the licensee 'to the extent that is reasonably practicable do all things necessary to ensure that the financial services covered by the licence are provided competently and honestly'. That is something that we certainly intend to have a closer look at.

There is also the question of limits on ASIC's powers. Generally, ASIC acting alone can impose conditions on a licence and vary or cancel a licence. But, if a licensee or a related body corporate is a body regulated by APRA, ASIC must consult with APRA before imposing a condition, varying or revoking a condition on the licence, or cancelling, suspending or revoking a licence. This potentially raises some issues as well.

With regard to disclosure and conduct requirements, the bill will introduce uniform disclosure requirements, which will involve the provision of up to three documents to retail clients. These documents are a financial services guide, which will include key information about the types of services being provided by the financial service provider; a statement of advice, which will include the advice, the basis on which that advice was given, and any commissions and other benefits received that might reasonably be expected to be capable of influencing the provision of that advice; and also a product disclosure statement.

In the area of disclosure of commission, one issue which arises is whether the disclosure should be as a dollar amount or as a percentage. It is Labor's view that dollar disclosure is more meaningful to consumers. There is plenty of information to suggest that disclosure by way of percentages is often not understood. We are not all mathematicians, and it is better to provide this sort of disclosure on a dollar basis. There are also issues in relation to the disclosure of commission on risk products, cold calling, basic bank

deposits, work ordinarily done by cashiers and clerks, and some issues involving other amendments to the Corporations Law, market misconduct provisions, continuous disclosure provisions and so on.

As I indicated at the outset of my remarks, we are not opposing this legislation. There are quite a number of features in it that we see as desirable in improving disclosure, transparency and consumer protection arrangements. We are certainly not in the business of delaying or holding up the legislation in any way. We have in place the parliamentary Joint Statutory Committee on Corporations and Securities doing work on the legislation. The government has continued to amend the legislation on the way through. We look forward to it providing more details in terms of the regulations as soon as it possibly can, to provide both the opposition and the wider community with a better opportunity to understand exactly what the impact of the legislation will be. We are happy to speed the passage of this legislation through and into the Senate, with a view to having these provisions put into place as soon as is reasonably practicable.

Mr CAMERON THOMPSON (Blair) (11.48 p.m.)—The **Financial Services Reform Bill 2001** demonstrates once again the commitment of the government to greater efficiency in administration across all portfolios. Nothing could be more complex than to undertake the range of adjustments that are being sought under this legislation. In the past, there has been a range of differing systems administering all those different financial institutions: banks, insurance companies, superannuation, life assurance, cash and credit cards, and foreign exchange transactions. This bill seeks to bring all those together, streamline them and put them all under one system of operation.

Looking at, for example, financial markets, I am told that currently there are seven different categories of authorised stock and futures markets. However, the FSR legislation includes just one set of provisions for the regulation of financial markets. That is obviously a huge advantage to anyone oper-

ating in that range of services provision across all of our financial institutions. Of course, these days we are seeing more cross-over organisations, more of these companies operating in an all-finance model. When they do that, having streamlined systems of administration is of course very desirable. I would like to get on to that a little later on.

Looking at the **Financial Sector (Collection of Data) Bill 2001**, which is one of the accompanying pieces of legislation we are looking at tonight, the amendments that are being sought are looking at APRA and its operation. On establishment, APRA inherited a variety of data collecting tools and analysis systems. These tools and systems were tailored to meet the data needs of APRA's predecessor organisations. Problems have been identified with this inherited data collection network. Firstly, the existing data collection framework is fragmented, cumbersome and in some cases outdated. The bill again seeks to bring those disjointed and dysfunctional tools that are there for the administration of this very important sector of our economy, take from them their current dysfunctional status and bring them together so that they can serve an organisation as important as APRA and serve our community well in the process.

At the outset I would like to turn to a couple of the points that were raised by the opposition spokesman. One thing that is apparent is that the government has gone out of its way to consult, consult and consult again on this issue. It is so complex. We have so far seen an exposure draft that was issued, which was preceded by a position paper in December 1997 and after that a consultation paper in March 1999. Those papers have been out there in the business community. Working its way through this process, the government has listened at every step to what the industry has had to say and has taken these things on board.

As that feedback comes in and as people look at this complex legislation from different directions and the feedback continues to flow, of course amendments such as the latest ones will be necessary. It is obvious that the amendment to include the Reserve Bank

in regulating, clearing and settlement facilities, in setting financial stability standards, in monitoring the compliance with those standards and in ensuring that licensees do everything practicable to reduce systemic risk is a laudable amendment that is entirely appropriate. As the feedback and the system move into place, those kinds of amendments will be necessary.

This government has demonstrated that it is not frightened to address these kinds of complex, massive questions that in the past have burdened our economy. When you think about the walls that have been built up between various different types of financial institutions, built up on the back of these dysfunctional and incompatible systems of regulation, that is a tremendous burden to be putting on our business community and on our financial sector. It is entirely appropriate that the government should address that burden. I believe that, once again, the government is demonstrating that it is prepared to go the distance, to do the hard yards and to take on complex questions that are really of concern to the business community.

I noted what the member opposite had to say about telephone recording during takeover occasions. This is an example of trying to come up with a regime to increase accountability. Along with the streamlining of the process, there is also a need to improve accountability. There have been many particularly recent examples of cases in which there has been less than acceptable practice going on out there in the corporate sector, and we need to find ways to make it more accountable. Members opposite criticise what they see as corporate excess in various areas, yet when something comes along proposing to improve accountability within those sectors they jump ship and go in the other direction. What we had from the member opposite was just straight-out criticism of this proposal but, if he had something better to offer, we did not hear it. If the way to go is a telephone recording of conversations during takeovers, and if that were necessary to provide greater accountability, I for one would be happy to see that in place. But, if the members opposite do have a more effec-

tive alternative, I would like to hear about it. It was not in evidence in the shadow spokesman's speech, so we can only assume that what he was doing was sledging the scheme without coming up with something to replace it.

Another comment that he made was in relation to a proposal to carve out not-for-profit superannuation from the bill. I do not see that as being a desirable outcome either. I would like to give an example here, because in recent times we have had many examples of small superannuation funds that have got into difficulties. One of the big reasons that they get into difficulty is precisely the reason that the member opposite seemed to be so attracted to them; that is, the people who are administering a lot of these funds are not experts. You have a group of people representing the employer who may be involved in some pursuit that has nothing whatsoever to do with superannuation and might know very little about it. Then, on the other side, you have people representing the employees who also have probably had no experience of superannuation whatsoever.

Just to give an example, in my electorate is the Borallon prison, and that prison has had in the past a superannuation fund based on that model—a not-for-profit superannuation fund with representatives of the operator of the prison and representatives of the employees together running a superannuation fund. They had no experience in the superannuation fund and they have got into great difficulty because, after some concerns that they had with the way the share market was operating at the time, they put all their faith in the property market. They took all the value of their members' superannuation and put it all into property. You can imagine what happened when the operator of that prison suddenly, because of a decision by the Queensland state government, lost its contract to operate the prison. The moment that happened, all that superannuation money had to then become available to those members to be rolled over, to be put into whatever funds they were going to in the future. These inexperienced people who were running that scheme were put into a situation where they

had to suddenly roll it over, so they made a massive loss on behalf of their members.

This parliament should be setting out to protect the superannuation of people in that circumstance. These funds should not be run by a bunch of enthusiastic amateurs. They should be subject to the same strict prudential supervision as any other part of the industry. People are relying on this system of management to support their own workers' superannuation and to conserve their workmates' money. It is important that we get out of a system that just encourages some less than acceptable practices and move on to a more professional operation on behalf of members. This bill certainly does lay out a framework within which that will happen.

Just because a superannuation scheme is operating not for profit does not mean that it should not have the same level of prudential supervision of its operation. We definitely need to still have the same level of prudential supervision. It is not appropriate to have something less just because it is being run by the employer and the employer's representatives, who may know nothing at all about superannuation, and by the employees and their representatives, who may also know nothing about superannuation. If you followed the course of the Borallon prison super scheme, you would be very concerned about anything that enabled the current system to continue to operate.

Looking at the impact of the Financial Services Reform Bill, I would like to take some time to highlight what has happened in Queensland with Suncorp Metway. The reason I am doing so is because this is precisely the type of financial institution that will be massively encouraged by this legislation. Suncorp Metway is what is called an all finance institution. It spans a range of activities almost as wide as those I read out at the start of my speech when I was discussing the breadth of this bill. It is a leading institution in Queensland but, at the time Suncorp Metway was formed, the Queensland government—which at the time owned Suncorp—was faced with quite a difficult situation. At that time the operators of Suncorp, under

government ownership, came to the government and said, basically, that they wanted hundreds of millions of dollars of Queensland taxpayers' money to invest interstate to offset some of the risks that were associated with Suncorp being overexposed, particularly in areas of North Queensland subject to cyclones. If you think about it, an insurer such as Suncorp had all of its eggs in one basket there in Queensland. There had just been a report produced which identified a great risk to insurers from the potential for cyclones in particular to cause massive damage in towns such as Mackay and Townsville. So here we had an insurer such as Suncorp being grossly overexposed to that form of risk. They came to the government and said, 'What we need is hundreds of millions of taxpayers' dollars to invest in, say, Victoria so we can lay off some of this risk that applies in Queensland.' Of course, there was no way that Queensland taxpayers' money would be appropriately spent in investing in a state such as Victoria—it is something that just would not go down very well in Queensland. The government at the time rightly rejected it.

Instead, the government set about creating a new private entity and moving those Suncorp resources. But if you cannot raise capital from Queensland taxpayers because the money you are seeking is to be spent somewhere else, where else can you get it? Obviously the government found that source of money in the private sector. In the end the Suncorp insurance operation was merged with the Metway Bank in Queensland. The Metway Bank itself at the time was under some threat. It was a small bank, and we have seen what can happen to small banks—the Colonial State Bank, for example, and there have been many other examples of small banks being gobbled up within the system. Suncorp needed a partner that could help it spread its investments much more widely than before, and of course the opportunity to merge with Metway was definitely the way to go. In fact, the government in Queensland at that time went so far as to consider merging Suncorp, as well as Metway, with the St George Bank in New South

Wales. That proposal got quite advanced. It got to the stage where they went down to discuss it with the St George Bank in Sydney. I went along on that particular occasion. It ended in quite some uproar because apparently the thought of moving St George Bank headquarters to Queensland was such a shock for the chairman of the St George Bank at the time that he upped and had a heart attack in the middle of the meeting. It was a significant occasion. I suppose it might sound as though I am making light of it, but at the time it fell to me to give the guy mouth-to-mouth resuscitation for 10 minutes. I must say that, at the end of it, he survived quite well.

Ms Burke—He's dead!

Mr CAMERON THOMPSON—Well, he is now, but he was not at the time. He lasted for quite some time afterwards, thank you. So the final structure that evolved was Suncorp Metway. It is an effective all finance institution, and it needs this legislation to maximise its returns. Suncorp Metway has grown rapidly since it was set up. It is a big insurance operator and a regional bank put together, and the two have become much bigger as a united whole than they were as individual parts. Now we hear that Suncorp Metway is once again expanding its business and getting into more insurance business through AMP, and that is an amazing endorsement of the decision by the Queensland government all that time ago to set up this all finance institution. As I said, this institution will be mightily assisted by this particular legislation because it will bring together all those differing systems of administration which this very diverse company has to operate within under the current scheme, so that with one system of operation they will be able to be much more efficient. I note that currently Suncorp Metway shares are up to \$14.60.

Mr Sciacca—It's a good organisation.

Mr CAMERON THOMPSON—Definitely. It is an excellent organisation. Shares have more than doubled since it was initially floated by the Queensland government all that time ago. I can recall at the time of Sun-

corp Metway being floated there was quite some opposition, particularly from the *Financial Review*. The *Financial Review* was not real happy about the structure. I think they thought the idea of Queenslanders going it alone on something like that without the big boys down in Sydney was something they could not handle. I think if they were to honestly face up to it today they would have to say that it has been an outstanding success. I would dearly love to see those *Financial Review* editorial writers reviewing the progress that Suncorp Metway has made and giving it a great big tick. In saying all that, obviously there are great benefits to Australian financial institutions from streamlining the financial services sector in this way, and I compliment the minister on undertaking such a very complex and difficult undertaking, and for doing it so well.

Friday, 29 June 2001

Ms BURKE (Chisholm) (12.07 a.m.)—I also rise to speak on the [Financial Services Reform Bill 2001](#).

Mr Hockey—We were told there were no other speakers.

Ms BURKE—I am sorry to cause distress to the minister. I am sorry arrangements were not discussed with him. I will speak for only a brief time on the bill. As the previous speaker has informed the House, the bill introduces a harmonised regulation regime across the financial services industry by adopting a functional definition of financial product and financial advice, something that is needed within the sector. The bill introduces a single licensing framework for all financial services products, replacing the differing licensing requirements currently in place by dealers and advisers in securities, futures, banking products, managed funds, superannuation and insurance. It is in respect of banking products that I wish to speak this evening.

This bill is yet another part of the great Wallis adventure that the government are taking us on. They are saying that this will be the age of great new reform in the industry. I hope that this introduction of change will be better than the introduction of the

APRA change which recently has been slammed left, right and centre, most particularly in the outcome of HIH. In a recent report, the audit office has condemned APRA for its failure to actually conduct regulation of the banking industry—something we should all be very concerned about. There is gross concern in the community that our banks are not being regulated appropriately. If we saw something happening in one of our banks as we have seen happen in HIH, the whole community would be screaming out. There would be a great deal of concern. The recent audit report tabled in April, called *Bank prudential supervision—Australian Prudential Regulation Authority*, goes into how APRA is so understaffed that it actually cannot conduct audits of banks. It cannot go into premises and do the in-depth investigation that is required. APRA is so understaffed that it actually does not have a complete complement of 25 staff to conduct visitation programs. They do not conduct visitation programs to offshore premises of our own banks. People do not realise that a bank such as the National Australia Bank actually has more offshore business than onshore business. Our regulator is not conducting reviews of their offshore products, of their offshore licences. This is a great concern, as has been revealed in this recent audit report.

In particular tonight I want to speak about banking products. I want to respond to the comments made by Mr David Murray, the chief executive officer of the Commonwealth Bank, in his speech to the press gallery yesterday in Canberra. It was a rather wide-ranging and astounding speech that Mr Murray gave yesterday at the National Press Club. The upshot was Mr Murray's very thinly veiled threats that he may consider not providing banking services to customers who do not return a fair price for services. This is just an astonishing announcement and claim. He said in his speech:

Since privatisation we have made it abundantly clear that we are a bank for all Australians. But I can tell you, on the current trends, we may have to review that decision in future years if we cannot get a fair price for services.

He went on to say:

If you deal with a local store and you know they run a loss on every transaction you run there every day, you know that it is only a matter of time before there will be no local store.

I think it is going to be an awfully long time before there is no Commonwealth Bank. They are not exactly going down the tube. Their net profit result for the half year was \$1.135 billion. This comes on top of their reported profit last year of \$2,700 million. This is not a shop that is about to be shut up. This is an astonishing claim that somehow people out there are not making enough profits for these banks.

At what point is it enough? At what point do these banks think they actually are making enough money? Isn't \$1.135 billion in the half-yearly profit for 2001 enough? I would have thought it was enough. We could all live on that quite comfortably, but it is not enough for these people. This is an increase from \$840 million in the previous year. When is it enough? How much do these banks want to earn? Isn't the Commonwealth Bank's return of \$2,512 million in non-interest income for the year 2000—that is, \$2,512 million from fees and charges that the Commonwealth Bank earned last year—enough? It is just astonishing; the absolute audacity of these comments just outrages me, and I think they should be drawn to everyone's attention.

The far-reaching range of Mr Murray's speech was very revealing and indicates that the Commonwealth Bank was not necessarily interested in 'your money, Ralph'. For those who do not know it, the State Savings Bank ran a very successful campaign in Victoria with the catchphrase 'But it's your money, Ralph'. Obviously the Commonwealth does not want your money, Ralph, because that is what he has told us today. The Commonwealth Bank has the largest share of transaction accounts held by low income earners and social security recipients.

The banks are always telling us, if anybody has sat through as many meetings with banks as I have, that about 80 per cent of customers do not earn them any profits and only 20 per cent of customers do earn them profits—and they like that 20 per cent of

customers. Yet they do not concede, and they never tell you, that their bottom line comes from that 80 per cent of customers. They are the ones who are paying the fees and charges, and they are the ones who are depositing the money in the banks in the first place, so they can lend it to the 20 per cent of people who earn the profits for them. If it was not for all us depositing in banks, they would not have money to lend. So those claims they make are just outrageous.

Mr Murray does not want to subsidise these customers, but he is happy to be subsidised. He is happy to be subsidised to the tune of \$2 million—\$2 million is his take-home pay. He has received a staggering 272 per cent increase in his pay since taking his job in 1994. I would like to achieve that outcome for the bank workers that I represented, but, never mind, Mr Murray has achieved this for himself. He earns \$2 million in take-home pay but, in addition to that, he has shareholdings as at 30 August 2000 of 50,387 plus two million options. In early March this year, Mr Murray collected a personal profit of around \$8 million on the sale of his 500,000 shares gained through exercising his 1997 options. He also has a further 250,000 options and 42,000 shares following approval of a bonus share scheme at the bank's AGM in October 2000. Just in case you think Mr Murray is out there alone, at the ANZ Mr McFarlane has shares worth—

Mr Ian Macfarlane—A different Mr McFarlane.

Ms BURKE—A different Mr McFarlane—John McFarlane, Chief Executive Officer at the ANZ. He has 1,182,888 and 750,000 options and, if he exercised them on his share value today of \$11.49, he could realise in excess of \$3 million. Mr Murray can realise about \$9 million. At the National Australia Bank, Frank Scicutto has 500,000 options from which, at the current share price of \$21.29, he could realise \$6.5 million. At Westpac, David Morgan, who got no option this year—but let us not cry for him—is taking home \$2.3 million in pay, but last year he got three million options with an excess price of \$10.83. That means he could have walked away with \$10.5 million. And

these people do not have enough! They do not have enough money; they are not earning enough money! ANZ profit for last year was \$1,747 million, the Commonwealth Bank's was \$270 million, NAB's was \$323 million and Westpac's was just a measly \$1,715 million. But it is not enough. They cannot afford to have low depositors in their bank; they cannot afford to have pensioners coming in and withdrawing money. It is an outrage, and I think everybody in this place should jump up and down and say, 'It isn't good enough.'

The ALP have been criticised for saying, 'Yes, we think these banks should have a social obligation; we think these banks should have a social conscience.' Banking is an essential service. You cannot survive in Australia nowadays without having some form of banking product. You, as a social security recipient out there, cannot actually access that without having a bank of some description to have that money deposited in and then be able to withdraw it. The ALP believe, and so does the community—survey after survey has demonstrated that the majority of individuals believe—that banks do provide an essential service and that they should provide what have been called 'no frills accounts'. They should be provided for free. There should be a bottom end of the scale where you get a no frills, fee free account, and the ALP have supported this.

Interestingly enough, in March this year the Australian Bankers Association also announced an initiative to introduce fee free accounts for pensioners. This is highly entertaining given Mr Murray's comments, because Mr Murray has recently been appointed as chairman of the Australian Bankers Association. He does not even know what his own association, his own bank and his own industry are saying and signing up to. They are agreeing to actually care. They are agreeing to adopt a social charter, but he is not prepared to sign up to it. This is an outrage.

The Australian Labor Party are saying that it is not good enough. We have put forward a banking social charter, and we call on these banks to sit down and discuss this with us.

We call on these banks to come to the table and talk these things through. The Australian Bankers Association has accepted the principle. It should now be something that we all sign up to. Mr Murray's comments yesterday were an outrage. They were an insult to the people who have relied upon his bank—who have given his bank great custom and service over years and years. He is demonstrating that his Gordon Gecko greed outweighs everything. In concluding, I call upon the banks to look inside themselves and say, 'Enough is enough.'

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (12.19 a.m.)—in reply—I would like to thank those members who have contributed to the debate on the [Financial Services Reform Bill 2001](#) in the early hours of this morning. There was a danger there for a moment that we could have kept going for some hours. Thankfully, all members of the House saw the great wisdom in this bill and decided to progress it through, so I can now give my summing-up speech. I am also proposing to introduce a large number of amendments which will assist in the House's final deliberation before the bill goes on to the other place.

I will address a number of issues that were raised by the member for Wills. The first is his suggestion that we should be carving out the industry superannuation funds and the not-for-profit funds. I advise the member for Wills that we do not have any intention of providing any carve-out. There are some special treatments in relation to this bill for not-for-profit superannuation funds and industry funds. The bill accommodates the passage of the choice of superannuation legislation, and that is taken into account.

The member for Wills also raised the issue of taping of phone calls. I am not afraid to advise the House that we have put this provision in the bill to protect consumers. I, as the minister, received a large number of complaints from everyday shareholders who had received telephone calls during the proposed takeover of GIO by AMP. In that situation, both the AMP and the GIO were using what was reported to me as fairly outlandish rea-

soning to convince in many cases first-time shareholders that they should or should not sell their shares to AMP. The phone taping matter is not intended to cover institutional or wholesale activity and it is not meant to cover the relationship between a broker and their client. It is simply about mass marketing during a takeover, where some fairly extreme tactics may be used by one party or another. It provides the evidence to the Australian Securities and Investments Commission that will ensure that, if people have been acting improperly, they are prosecuted accordingly. I view that as a very important initiative to protect consumers. I understand a number of institutions are concerned about this measure. I think their concerns will be addressed when an amendment is placed before the Senate that will clearly indicate that this is not meant to cover institutional or wholesale activity.

We certainly have ASIC and the Commonwealth Treasury working overtime to provide some appropriate indication of the way the regulations will go in relation to this bill. ASIC has issued a number of papers as well, which will assist in the better understanding of the implications of this bill. It is the first of its kind in the world; it takes Australia to the forefront of the interface between consumers and financial services companies. What we are building here is a framework that can accommodate new technology and the changing demands of the Australian community. The Institute for Management in Switzerland produced an annual report titled the *World competitiveness report*, which was released in June this year. It indicated that Australia is ranked No. 1 in the world for financial skills among the population. In part that is because we have a very sophisticated financial services industry, which now represents seven per cent of the Australian economy. That is more of the Australian economy than agriculture and mining combined. Many Australians are sophisticated investors who are looking for diverse products to provide for their retirement, in many cases, or to improve their quality of life in the course of their years. This bill has the capacity to deliver to Aus-

tralian consumers better quality products, more easily understandable products and products that are more closely suited to their needs.

I am sure the Joint Standing Committee on Corporations and Securities is going to report in the near future. I expect that that report will have some impact on the bill in the Senate. It is not a finalised piece of work. However, it is a vital piece of work. I commend the bill to the House and foreshadow that we will be introducing a number of amendments.

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (12.27 a.m.)—by leave—I present a supplementary explanatory memorandum and move government amendments (1) to (187):

- (1) Schedule 1, item 1, page 7 (after line 18), after the definition of *certificate cancellation provisions*, insert:

class, in relation to financial products or financial services, has a meaning affected by regulations made for the purposes of section 761CA.

- (2) Schedule 1, item 1, page 8 (after line 12), after the definition of *financial product advice*, insert:

financial product advice law means:

- (a) a provision of Chapter 7 that covers conduct relating to the provision of financial product advice (whether or not it also covers other conduct), but only in so far as it covers conduct relating to the provision of financial product advice; or
- (b) a provision of Chapter 9 as it applies in relation to a provision referred to in paragraph (a); or
- (c) a provision of Division 2 of Part 2 of the ASIC Act that covers conduct relating to the provision of financial product advice (whether or not it also covers other conduct), but only

- in so far as it covers conduct relating to the provision of financial product advice; or
- (d) any other Commonwealth, State or Territory legislation that covers conduct relating to the provision of financial product advice (whether or not it also covers other conduct), but only in so far as it covers conduct relating to the provision of financial product advice.
- (3) Schedule 1, item 1, page 8 (after line 20), after the definition of *Financial Services Guide*, insert:
- financial services law* means:
- (a) a provision of this Chapter or of Chapter 5C, 6, 6A, 6B, 6C or 6D; or
- (b) a provision of Chapter 9 as it applies in relation to a provision referred to in paragraph (a); or
- (c) a provision of Division 2 of Part 2 of the ASIC Act; or
- (d) any other Commonwealth, State or Territory legislation that covers conduct relating to the provision of financial services (whether or not it also covers other conduct), but only in so far as it covers conduct relating to the provision of financial services.
- (4) Schedule 1, item 1, page 8 (lines 27 to 32), omit the definition of *funeral benefit*, substitute:
- funeral benefit* means a benefit that consists of the provision of funeral, burial or cremation services, with or without the supply of goods connected with such services.
- (5) Schedule 1, item 1, page 9 (after line 13), after the definition of *issuer*, insert:
- kind*, in relation to financial products or financial services, has a meaning affected by regulations made for the purposes of section 761CA.
- (6) Schedule 1, item 1, page 11 (lines 6 to 12), omit the definition of *participant*, substitute:
- participant*:
- (a) in relation to a clearing and settlement facility, means a person who is allowed to directly participate in the facility under the facility's operating rules and, when used in any of the following provisions, also includes a recognised affiliate in relation to the facility:
- (i) paragraph 821B(2)(b);
- (ii) section 822B;
- (iii) subsection 915F(2);
- (iv) any other provisions prescribed by regulations made for the purposes of this subparagraph; and
- (b) in relation to a financial market, means a person who is allowed to directly participate in the market under the market's operating rules and, when used in any of the following provisions, also includes a recognised affiliate in relation to the market:
- (i) paragraph 792B(2)(b);
- (ii) section 793B;
- (iii) section 883A;
- (iv) subsection 915F(2);
- (v) paragraphs 923B(3)(a) and (b);
- (vi) any other provisions prescribed by regulations made for the purposes of this subparagraph.
- (7) Schedule 1, item 1, page 11 (line 14), after "partnerships)", insert "and section 761FA (which deals with multiple trustees)".
- (8) Schedule 1, item 1, page 11 (after line 26), after the definition of *provide*, insert:
- recognised affiliate*, in relation to a clearing and settlement facility or a financial market, means a person who is:
- (a) recognised by the operating rules of the facility or market as a suitably qualified affiliate of the facility or market; and
- (b) involved in the carrying on of a financial services business (including as an employee, director or in some other capacity).
- (9) Schedule 1, item 1, page 13 (after line 5), after section 761C, insert:
- 761CA Meaning of *class* and *kind* of financial products and financial services**
- The regulations may include provisions identifying, or providing for the identification of, what constitutes a *class* or *kind* of financial products or financial services for the purposes of a provision or provisions of this Chapter.

- (10) Schedule 1, item 1, page 17 (after line 16), after section 761F, insert:
- 761FA Meaning of *person*—generally includes multiple trustees**
- (1) This section applies in relation to a trust while the trust continues to have:
- 2 or more trustees; or
 - a single trustee who was a trustee of the trust at a time when it had 2 or more trustees.
- (2) Subject to subsections (3) and (4), during a period while this section applies to a trust, this Chapter applies to the trust as if the trustee or trustees of the trust from time to time during the period constituted a single legal entity (the *notional entity*) that remained the same for the duration of that period.
- Note: So, for example, while this section applies to a trust, a licence granted under this Chapter to the trustees of the trust will continue in force, despite a change in the persons who are the trustees.
- (3) During any period or part of a period while this section applies to a trust and the trust has 2 or more trustees, this Chapter applies to the trustees as mentioned in subsection (2), but it applies with the following changes:
- obligations that would be imposed on the notional entity are imposed instead on each trustee, but may be discharged by any of the trustees;
 - any contravention of a provision of this Chapter, or a provision of this Act that relates to a requirement in a provision of this Chapter, that would otherwise be a contravention by the notional entity is taken (whether for the purposes of criminal or civil liability) to have been a contravention by each trustee who:
 - aided, abetted, counselled or procured the relevant act or omission; or
 - was in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the trustee).
- (4) During any period or part of a period while this section applies to a trust and the trust has only one trustee, this Chapter applies to the trustee as mentioned in subsection (2), but it applies with the following changes:
- obligations that would be imposed on the notional entity are imposed instead on that single trustee;
 - any contravention of a provision of this Chapter, or a provision of this Act that relates to a requirement in a provision of this Chapter, that would otherwise be a contravention by the notional entity is taken (whether for the purposes of criminal or civil liability) to have been a contravention by that single trustee.
- (5) Subsections (2), (3) and (4) have effect subject to:
- an express or implied contrary intention in a provision or provisions of this Chapter; and
 - the regulations, which may exclude or modify the effect of those subsections in relation to specified provisions.
- (11) Schedule 1, item 1, page 19 (line 33), omit “\$2.5 million”, substitute “the amount specified in regulations made for the purposes of this subparagraph”.
- (12) Schedule 1, item 1, page 19 (line 35), omit “\$250,000”, substitute “the amount specified in regulations made for the purposes of this subparagraph”.
- (13) Schedule 1, item 1 page 21 (after line 2), after subsection (10), insert:
- Regulations and paragraph (7)(c)*
- (10A) In addition to specifying amounts for the purposes of subparagraphs (7)(c)(i) and (ii), the regulations may do either or both of the following:
- deal with how net assets referred to in subparagraph (7)(c)(i) are to be determined and valued, either generally or in specified circumstances;
 - deal with how gross income referred to in subparagraph (7)(c)(ii) is to be calculated, either generally or in specified circumstances.
- (14) Schedule 1, item 1, page 21 (line 23), after “**regulations**”, insert “**or other instruments**”.

- (15) Schedule 1, item 1, page 21 (line 27), after “regulations”, insert “, or other instruments,”.
- (16) Schedule 1, item 1, page 21 (after line 29), at the end of section 761H, add:
- (2) Subsection (1) has effect as if provisions in Part 10.2 (transitional provisions) that relate to matters dealt with in this Chapter were part of this Chapter.
- (17) Schedule 1, item 1, page 32 (line 1), omit “equipment or infrastructure”, substitute “physical equipment or physical infrastructure”.
- (18) Schedule 1, item 1, page 33 (lines 13 to 15), omit everything from and including paragraph (1)(b) to the end of subsection (1), substitute:
- (b) could reasonably be regarded as being intended to have such an influence.
- However, the provision of an exempt document is not to be taken to be a provision of financial product advice.
- (19) Schedule 1, item 1, page 37 (line 11), before “conducting”, insert “a person, being the holder of a licence under an Australian law relating to the licensing of auctioneers,”.
- (20) Schedule 1, item 1, page 38 (lines 13 to 22), omit paragraphs (f) and (g).
- (21) Schedule 1, item 1, page 62 (after line 15), at the end of subsection (4), add:
- Note: If compensation arrangements in relation to the market are approved under Division 3 of Part 7.5, there must also be conditions as required by subsection 882A(4) or paragraph 882B(4)(b).
- (22) Schedule 1, item 1, page 62 (lines 16 to 20), omit subsection (5).
- (23) Schedule 1, item 1, page 67 (after line 5), at the end of subsection (2), add:
- Note: For fees in respect of ASIC performing functions under such arrangements, see Part 9.10.
- (24) Schedule 1, item 1, page 71 (lines 17 to 20), omit paragraph (a), substitute:
- (aa) to the extent that it is reasonably practicable to do so:
- (i) comply with standards determined under section 827D; and
- (ii) do all other things necessary to reduce systemic risk; and
- (a) to the extent that it is reasonably practicable to do so, do all things necessary to ensure that the facility’s services are provided in a fair and effective way; and
- (25) Schedule 1, item 1, page 74 (after line 4), after section 821B, insert:
- 821BA Obligation to notify Reserve Bank of certain matters**
- (1) A CS facility licensee must give written notice to the Reserve Bank of Australia (the *Reserve Bank*), as soon as practicable, if:
- (a) the licensee becomes aware that it has failed to comply with standards determined under section 827D, or is likely to fail to comply with such standards; or
- (b) the licensee becomes aware that it may no longer be able to meet, or has breached, its obligation under subparagraph 821A(aa)(ii).
- Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).
- (2) If the Reserve Bank considers it appropriate to do so, the Reserve Bank may give the Minister advice about the matter.
- (26) Schedule 1, item 1, page 74 (line 5), omit “ASIC”.
- (27) Schedule 1, item 1, page 74 (after line 5), after the heading to section 821C, insert:
- ASIC*
- (28) Schedule 1, item 1, page 74 (after line 13), at the end of section 821C, add:
- Reserve Bank*
- (3) A CS facility licensee must give such assistance to the Reserve Bank of Australia (the *Reserve Bank*), or a person authorised by the Reserve Bank, as the Reserve Bank or the authorised person reasonably requests in relation to the performance of the Reserve Bank’s functions under this Part.
- Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).
- (4) Such assistance may include showing the Reserve Bank the licensee’s books

- or giving the Reserve Bank other information.
- (29) Schedule 1, item 1, page 78 (lines 21 and 22), omit "obligation mentioned in paragraph 821A(a)", substitute "obligations mentioned in paragraphs 821A(aa) and (a)".
- (30) Schedule 1, item 1, page 78 (line 28), omit "and ASIC", substitute", **ASIC and the Reserve Bank**".
- (31) Schedule 1, item 1, page 79 (line 26), after "Chapter", insert "(other than its obligation under paragraph 821A(aa))".
- (32) Schedule 1, item 1, page 80 (line 2), at the end of subsection (3), add "and a copy of the written report to the Reserve Bank of Australia".
- (33) Schedule 1, item 1, page 80 (after line 18), after section 823C, insert:
- 823CA Reserve Bank to assess licensee's compliance**
- (1) At least once each year, the Reserve Bank of Australia (the *Reserve Bank*) must do an assessment of how well each CS facility licensee is complying with its obligation under paragraph 821A(aa). In doing the assessment, the Reserve Bank may take account of any information and reports that it thinks appropriate, including information and reports from an overseas regulatory authority.
- (2) As soon as practicable after doing an assessment under this section, the Reserve Bank must give a written report on the assessment to the Minister and a copy of the written report to ASIC.
- (3) If an assessment, or part of an assessment, relates to any other person's affairs to a material extent, the Reserve Bank may, at the person's request or of its own motion, give the person a copy of the written report on the assessment or the relevant part of the report.
- (4) If an assessment, or part of an assessment, relates to a serious contravention of a law of the Commonwealth or of a State or Territory, the Reserve Bank may give a copy of the written report on the assessment, or the relevant part of the report, to:
- (a) the Australian Federal Police; or
- (b) the National Crime Authority; or
- (c) the Director of Public Prosecutions; or
- (d) an agency prescribed by regulations made for the purposes of this paragraph.
- (5) Either the Minister or the Reserve Bank may cause the written report on an assessment, or part of the report on an assessment, to be printed and published.
- (34) Schedule 1, item 1, page 82 (lines 17 to 19), omit all the words after "direction,", substitute:
- in writing, to take:
- (a) specified measures to comply with the whole or a part of a standard determined under section 827D; or
- (b) any other action that ASIC considers will reduce systemic risk in the provision of the facility's services.
- (35) Schedule 1, item 1, page 82 (after line 25), after subsection (3), insert:
- (3A) If the licensee fails to comply with the direction, ASIC may apply to the Court for, and the Court may make, an order that the licensee comply with the direction.
- (36) Schedule 1, item 1, page 82 (after line 31), at the end of section 823E, add:
- (7) Before giving, varying or revoking the direction, ASIC must consult the Reserve Bank of Australia. However, a failure to consult the Reserve Bank of Australia does not invalidate the direction, variation or revocation.
- (8) The Reserve Bank of Australia may at any time request ASIC to make a direction under this section. However, ASIC is not required to comply with the request.
- (37) Schedule 1, item 1, page 84 (line 29), after "ASIC", insert "and the Reserve Bank of Australia".
- (38) Schedule 1, item 1, page 91 (line 3), at the end of paragraph (h), add " or the Reserve Bank of Australia".
- (39) Schedule 1, item 1, page 91 (line 19), omit "ASIC and the authority that is", substitute "ASIC, the Reserve Bank of Australia and the authority, or authorities, that are".
- (40) Schedule 1, item 1, page 91 (after line 27), at the end of Division 4, add:

827C Reserve Bank may give advice to Minister

The Reserve Bank of Australia may give advice to the Minister in relation to any matter concerning clearing and settlement facilities.

Note: In some cases, the Minister must have regard to the Reserve Bank's advice: see paragraph 827A(2)(h).

(41) Schedule 1, item 1, page 91, after proposed section 827C, at the end of Division 4, add:

827D Reserve Bank may determine financial stability standards

- (1) The Reserve Bank of Australia (the *Reserve Bank*) may, in writing, determine standards for the purposes of ensuring that CS facility licensees conduct their affairs in a way that causes or promotes overall stability in the Australian financial system.
- (2) The standards are to be complied with by:
 - (a) all CS facility licensees; or
 - (b) a specified class of CS facility licensees, in the case of a standard that is expressed to apply only in relation to that class.
- (3) Before the Reserve Bank determines a standard, it must consult with:
 - (a) the CS facility licensees that will be required to comply with the standard; and
 - (b) ASIC.
- (4) A standard may impose different requirements to be complied with in different situations or in respect of different activities.
- (5) A standard:
 - (a) comes into force:
 - (i) unless subparagraph (ii) applies—on the day on which the determination of the standard is made; or
 - (ii) if that determination specifies a later day as the day on which the standard comes into force—on the day so specified; and
 - (b) continues in force until it is revoked.

- (6) The Reserve Bank may vary a standard in writing. Before it does so, it must consult with:
 - (a) the CS facility licensees that will be required to comply with the standard if it is varied as proposed; and
 - (b) ASIC.
 - (7) If the Reserve Bank determines or varies a standard, it must, as soon as practicable:
 - (a) cause a notice advising of the determination of the standard, or of the variation of the standard, and summarising the purpose and effect of the standard or variation, to be published in the *Gazette*; and
 - (b) make the text of the notice available on the Internet; and
 - (c) give a copy of the standard, or of the variation, to the following:
 - (i) each CS facility licensee to which the standard applies;
 - (ii) the Minister;
 - (iii) ASIC.
 - (8) The Reserve Bank may revoke a standard in writing. Before it does so, it must consult with ASIC.
 - (9) If the Reserve Bank revokes a standard, it must, as soon as practicable:
 - (a) cause a notice advising of the revocation of the standard to be published in the *Gazette*; and
 - (b) make the text of the notice available on the Internet; and
 - (c) give notice of the revocation of the standard to the following:
 - (i) each CS facility licensee to which the standard applied;
 - (ii) the Minister;
 - (iii) ASIC.
 - (10) The Reserve Bank must take reasonable steps to ensure that copies of the current text of the standards are available for inspection and purchase.
- (42) Schedule 1, item 1, page 100 (lines 9 to 17), omit paragraph (a), substitute:
- (a) in a case where the body's specification time occurs at the same time as the commencement of this section—the person holding the per-

- centage of voting power in the body immediately before the specification time did not, to any extent, constitute a contravention of previous law (see subsection (3)); and
- (43) Schedule 1, item 1, page 100 (line 18), before “on the body’s”, insert “whether the body’s specification time occurs at the same time as, or after, the commencement of this section—”.
- (44) Schedule 1, item 1, page 126 (line 20), omit “be”, substitute “been”.
- (45) Schedule 1, item 1, page 126 (line 25), before “SEGC”, insert “The”.
- (46) Schedule 1, item 1, page 126 (line 30), omit “that does not constitute”, substitute “neither the allowance of the claim, nor any other act done by SEGC as a result of allowing the claim, constitutes”.
- (47) Schedule 1, item 1, page 127 (line 11), omit “on”, substitute “in”.
- (48) Schedule 1, item 1, page 127 (line 26), before “SEGC”, insert “The”.
- (49) Schedule 1, item 1, page 128 (line 7), after “SEGC”, insert “and the members of its board”.
- (50) Schedule 1, item 1, page 129 (line 1), before “SEGC”, insert “The”.
- (51) Schedule 1, item 1, page 136 (lines 3 and 4), omit paragraph 890A(3)(b), substitute:
- (b) each of the other members of the body corporate is a market licensee; and
- (52) Schedule 1, item 1, page 136 (lines 5 and 6), omit “eligible exchanges”, substitute “market licensees”.
- (53) Schedule 1, item 1, page 136 (lines 27 to 31), omit subsection (4).
- (54) Schedule 1, item 1, page 136 (line 34), before “SEGC”, insert “the”.
- (55) Schedule 1, item 1, page 136 (line 35), after “by”, insert “or under”.
- (56) Schedule 1, item 1, page 139 (line 10), before “NGF”, insert “the”.
- (57) Schedule 1, item 1, page 142 (line 29), omit “financial products,”.
- (58) Schedule 1, item 1, page 143 (line 4), at the end of subsection (1), add “, or that the relevant authority considers necessary for the purpose of exercising the subrogated rights and remedies it has in relation to a claim (see section 892F)”.
- (59) Schedule 1, item 1, page 147 (after line 34), at the end of Part 7.5, add:
- Division 6—Miscellaneous**
- 893A Exemptions and modifications by regulations**
- (1) The regulations may:
 - (a) exempt a person or class of persons from all or specified provisions of this Part; or
 - (b) exempt a financial market or class of financial markets from all or specified provisions of this Part; or
 - (c) provide that this Part applies in relation to a person or a financial market, or a class of persons or financial markets, as if specified provisions were omitted, modified or varied as specified in the regulations.
 - (2) For the purpose of this section, the *provisions of this Part* include:
 - (a) definitions in this Act, or in the regulations, as they apply to references in this Part; and
 - (b) any provisions of Part 7.2 that refer to provisions of this Part; and
 - (c) any provisions of Part 10.2 (transitional provisions) that relate to provisions of this Part.
- (60) Schedule 1, item 1, page 149 (line 20), omit “provided incidentally to”, substitute “, or is provided incidentally to,”.
- (61) Schedule 1, item 1, page 151 (after line 10), at the end of section 911A, add:
- (5) An exemption under paragraph (2)(k) or (l) may apply unconditionally or subject to specified conditions. A person to whom a condition specified in an exemption applies must comply with the condition. The Court may order the person to comply with the condition in a specified way. Only ASIC may apply to the Court for the order.
- (62) Schedule 1, item 1, page 151 (line 22), after “director”, insert “, or authorised representative,”.
- (63) Schedule 1, item 1, page 151 (line 25), after “director”, insert “, or authorised representative,”.
- (64) Schedule 1, item 1, page 154 (line 3), omit “competently and honestly”, substitute “efficiently, honestly and fairly”.

- (65) Schedule 1, item 1, page 154 (lines 5 to 9), omit paragraph (c), substitute:
- (c) comply with the financial services laws; and
 - (ca) take reasonable steps to ensure that its representatives comply with the financial services laws; and
- (66) Schedule 1, item 1, page 154 (lines 27 to 30), omit paragraph (i) (including the note).
- (67) Schedule 1, item 1, page 155 (after line 27), after subsection 912C(1), insert:
- (1A) Notices under subsection (1):
- (a) may be sent out at any time; and
 - (b) may be sent to one or more particular licensees, or to each licensee in one or more classes of licensee, or to all licensees; and
 - (c) may all require the same information, or may contain differences as to the information they require.
- (68) Schedule 1, item 1, page 157 (after line 24), after paragraph (c), insert
- (ca) the applicant has provided ASIC with any additional information requested by ASIC in relation to matters that, under this section, can be taken into account in deciding whether to grant the licence; and
- (69) Schedule 1, item 1, page 158 (line 1), after “not a”, insert “single”.
- (70) Schedule 1, item 1, page 158 (line 6), after “partnership”, insert “or the trustees of a trust”.
- (71) Schedule 1, item 1, page 158 (line 7), after “partners”, insert “or trustees”.
- (72) Schedule 1, item 1, page 159 (line 18), omit “However,”.
- (73) Schedule 1, item 1, page 159 (after line 23), at the end of subsection (3), add:
- This subsection does not apply to ASIC imposing conditions when a licence is granted.
- (74) Schedule 1, item 1, page 159 (line 24) to page 160 (line 12), omit subsections (4) and (5), substitute:
- (4) If the licensee, or a related body corporate, is a body (the *APRA body*) regulated by APRA, other than an ADI (within the meaning of the *Banking Act 1959*), then the following provisions apply:
 - (a) ASIC cannot:
 - (i) impose, vary or revoke a condition on the licence that, in ASIC’s opinion, has or would have the result of significantly limiting or restricting the APRA body’s ability to carry on all or any of its usual activities (being activities in relation to which APRA has regulatory or supervisory responsibilities); or
 - (ii) vary a condition so that it would, in ASIC’s opinion, become a condition that would have a result as described in subparagraph (i);
 - unless ASIC has first consulted APRA about the proposed action;
 - (b) if ASIC imposes, varies or revokes a condition on the licence and paragraph (a) does not apply to that action, ASIC must, within one week, inform APRA of the action that has been taken.
 - (5) If the licensee, or a related body corporate, is an ADI (within the meaning of the *Banking Act 1959*), then the following provisions apply:
 - (a) subject to paragraphs (b) and (c), the powers that ASIC would otherwise have under this section:
 - (i) to impose, vary or revoke a condition on the licence that, in ASIC’s opinion, has or would have the result of significantly limiting or restricting the ADI’s ability to carry on all or any of its banking business (within the meaning of the *Banking Act 1959*); or
 - (ii) to vary a condition so that it would, in ASIC’s opinion, become a condition that would have a result as described in subparagraph (i);
 - are instead powers of the Minister;
 - (b) the following provisions apply in relation to a power to which paragraph (a) applies:
 - (i) the procedures for the exercise of the power are the same as would apply if ASIC could exercise the power, except that the Minister

must not exercise the power unless he or she has first considered advice from ASIC on the proposed action, being advice given after ASIC has consulted APRA about the proposed action;

- (ii) ASIC (rather than the Minister) must still conduct any hearing required under paragraph (3)(a) and receive any submissions under paragraph (3)(b);
 - (c) if ASIC imposes, varies or revokes a condition on the licence and paragraph (a) does not apply to that action, ASIC must, within one week, inform APRA of the action that has been taken.
- (5A) A failure to comply with a requirement of subsection (4) or (5) to consult or inform APRA about, or to consider advice from ASIC about, an imposition, variation or revocation of a condition does not invalidate the action taken.
- (75) Schedule 1, item 1, page 162 (line 13), omit paragraph (a), substitute:

- (a) the licensee has not complied with their obligations under section 912A;
- (aa) ASIC has reason to believe that the licensee will not comply with their obligations under section 912A;

- (76) Schedule 1, item 1, page 164 (lines 7 to 30), omit section 915I, substitute:

915I Special procedures for APRA-regulated bodies

(1) If:

- (a) a financial services licensee is a body regulated by APRA, other than an ADI (within the meaning of the *Banking Act 1959*); or
- (b) a related body corporate of a financial services licensee is a body (the *APRA body*) regulated by APRA, other than an ADI (within the meaning of the *Banking Act 1959*), and cancellation or suspension of the licensee's licence would, in ASIC's opinion, have the result of significantly limiting or restricting the APRA body's ability to carry on all or any of its usual activities (being activities in relation to which

APRA has regulatory or supervisory responsibilities);

ASIC cannot suspend or cancel the licensee's licence, or subsequently revoke a suspension to which this subsection applied, unless ASIC has first consulted APRA about the proposed action.

(2) If:

- (a) a financial services licensee is an ADI (within the meaning of the *Banking Act 1959*); or
- (b) a related body corporate of a financial services licensee is an ADI (within the meaning of the *Banking Act 1959*), and cancellation or suspension of the licensee's licence would, in ASIC's opinion, have the result of significantly limiting or restricting the ADI's ability to carry on all or any of its banking business (within the meaning of the *Banking Act 1959*);

the following provisions have effect:

- (c) subject to paragraph (d), the powers that ASIC would otherwise have under this Subdivision to cancel or suspend the licensee's licence, or to subsequently revoke a suspension to which this subsection applied, are instead powers of the Minister;
 - (d) the procedures for the exercise of a power to which paragraph (c) applies are the same as would apply if ASIC could exercise the power, except that the Minister must not exercise the power unless he or she has first considered advice from ASIC on the proposed action, being advice given after ASIC has consulted APRA about the proposed action;
 - (e) ASIC (rather than the Minister) must still conduct any hearing required under paragraph 915C(4)(a) and receive any submissions under paragraph 915C(4)(b).
- (3) A failure to comply with a requirement of subsection (1) or (2) to consult or inform APRA about, or to consider advice from ASIC about, a cancellation or suspension, or a revocation of a suspension, of a licence does not invalidate the action taken.

- (77) Schedule 1, item 1, page 167 (line 16), omit “give ASIC”, substitute “lodge with ASIC a”.
- (78) Schedule 1, item 1, page 174 (lines 33 and 34), omit paragraph (c), substitute:
- (c) the body has not complied with its obligations under section 919A; or
 - (d) ASIC has reason to believe that the body will not comply with its obligations under section 919A; or
 - (e) a member of the body has not complied with a financial product advice law.
- (79) Schedule 1, item 1, page 176 (lines 18 to 22), omit paragraph 919A(b), substitute:
- (b) take reasonable steps to ensure that its members comply with the financial product advice laws; and
- (80) Schedule 1, item 1, page 177 (line 9), omit “Act”, substitute “Chapter”.
- (81) Schedule 1, item 1, page 179 (lines 25 to 27), omit subsection (4), substitute:
- (4) A person is not entitled to do the things mentioned in subsection (3) unless they have paid any fees that are:
 - (a) required by the body; and
 - (b) consistent with any applicable limits imposed by regulations made for the purposes of this subsection.
- (82) Schedule 1, item 1 page 180 (lines 9 to 11), omit paragraph (b), substitute:
- (b) the person has not complied with their obligations under section 912A; or
 - (ba) ASIC has reason to believe that the person will not comply with their obligations under section 912A; or
 - (bb) the person becomes an insolvent under administration; or
- (83) Schedule 1, item 1, page 180 (lines 15 to 17), omit paragraph (e), substitute:
- (e) the person has not complied with a financial services law; or
 - (f) ASIC has reason to believe that the person will not comply with a financial services law.
- (84) Schedule 1, item 1, page 184 (lines 11 and 12), omit “The fees must not be such as to amount to taxation.”.
- (85) Schedule 1, item 1, page 186 (line 35), after “by the person”, insert “, or by a person in relation to whom they are a representative”.
- (86) Schedule 1, item 1, page 196 (line 20), omit “911(2)(j)”, substitute “911A(2)(j)”.
- (87) Schedule 1, item 1, page 203 (after line 34), after subsection (6), insert:
- (6A) The information included in the Financial Services Guide must be worded and presented in a clear, concise and effective manner.
- (88) Schedule 1, item 1, page 206 (after line 34), after subsection (6), insert:
- (6A) The information included in the Financial Services Guide must be worded and presented in a clear, concise and effective manner.
- (89) Schedule 1, item 1, page 218 (after line 4), at the end of section 947B, add:
- (6) The statements and information included in the Statement of Advice must be worded and presented in a clear, concise and effective manner.
- (90) Schedule 1, item 1, page 219 (after line 33), at the end of section 947C, add:
- (6) The statements and information included in the Statement of Advice must be worded and presented in a clear, concise and effective manner.
- (91) Schedule 1, item 1, page 257 (line 21), omit “money”, substitute “property”.
- (92) Schedule 1, item 1, page 261 (line 17), omit “subsection (3)”, substitute “subsection (2)”.
- (93) Schedule 1, item 1, page 279 (line 2), omit “requirements”.
- (94) Schedule 1, item 1, page 282 (line 10), omit “911(2)(j)”, substitute “911A(2)(j)”.
- (95) Schedule 1, item 1, page 284 (line 7), omit “offers”, substitute “situations”.
- (96) Schedule 1, item 1, page 284 (lines 23 and 24), omit the heading to subsection (3), substitute:
- The main issue situations*
- (97) Schedule 1, item 1, page 287 (line 20) to page 288 (line 30), omit subsections (6) to (9), substitute:
- Sale amounting to indirect issue*
- (6) This subsection covers the circumstances in which:

- (a) the offer is made within 12 months after the issue of the financial product; and
- (b) the product was issued without a Product Disclosure Statement for the product being prepared; and
- (c) either:
 - (i) the issuer issued the product with the purpose of the person to whom it was issued selling or transferring the product, or granting, issuing or transferring interests in, or options or warrants over, the product; or
 - (ii) the person to whom the product was issued acquired it with the purpose of selling or transferring the product, or granting, issuing or transferring interests in, or options or warrants over, the product.

The purpose test in subsection (6)

- (7) For the purposes of subsection (6):
 - (a) a financial product is taken to be:
 - (i) issued with the purpose referred to in subparagraph (6)(c)(i); or
 - (ii) acquired with the purpose referred to in subparagraph (6)(c)(ii);

if there are reasonable grounds for concluding that the product was issued or acquired with that purpose (whether or not there were or may have been other purposes for the issue or acquisition); and
 - (b) without limiting paragraph (a), a financial product is taken to be:
 - (i) issued with the purpose referred to in subparagraph (6)(c)(i); or
 - (ii) acquired with the purpose referred to in subparagraph (6)(c)(ii);

if the financial product, or any financial product of the same kind that was issued at the same time, is subsequently sold, or offered for sale, within 12 months after issue, unless it is proved that the circumstances of the issue and the subsequent sale or offer are not such as to give rise to reasonable grounds for

concluding that the product was issued or acquired with that purpose.

Sale amounting to indirect off-market sale by controller

- (8) This subsection covers the circumstances in which:
 - (a) the offer is made within 12 months after the sale of the financial product by a person (the *controller*) who controlled the issuer of the product at the time of the sale; and
 - (b) either:
 - (i) at the time of the sale by the controller, the product was not able to be traded on any licensed market; or
 - (ii) although the product was able to be traded on a licensed market at that time, the sale by the controller did not occur in the ordinary course of trading on a licensed market; and
 - (c) a Product Disclosure Statement was not prepared by, or on behalf of, the controller before the sale of the product by the controller; and
 - (d) either:
 - (i) the controller sold the product with the purpose of the person to whom it was sold selling or transferring the product, or granting, issuing or transferring interests in, or options or warrants over, the product; or
 - (ii) the person to whom the controller sold the product acquired it with the purpose of selling or transferring the product, or granting, issuing or transferring interests in, or options or warrants over, the product.

Note: See section 50AA for when a person controls a body.

The purpose test in subsection (8)

 - (9) For the purposes of subsection (8):
 - (a) a financial product is taken to be:
 - (i) sold with the purpose referred to in subparagraph (8)(d)(i); or
 - (ii) acquired with the purpose referred to in subparagraph (8)(d)(ii);

if there are reasonable grounds for concluding that the product was sold or acquired with that purpose (whether or not there were or may have been other purposes for the sale or acquisition); and

(b) without limiting paragraph (a), a financial product is taken to be:

(i) sold with the purpose referred to in subparagraph (8)(d)(i); or

(ii) acquired with the purpose referred to in subparagraph (8)(d)(ii);

if the financial product, or any financial product of the same kind that was sold by the controller at the same time, is subsequently sold, or offered for sale, within 12 months after issue, unless it is proved that the circumstances of the initial sale and the subsequent sale or offer are not such as to give rise to reasonable grounds for concluding that the product was sold or acquired (in the initial sale) with that purpose.

(98) Schedule 1, item 1, page 289 (line 22), after “or has”, insert “, and knows that they have,”.

(99) Schedule 1, item 1, page 289 (line 29), omit “(11)”, substitute “(10)”.

(100) Schedule 1, item 1, page 292 (line 25), omit “is the same as”, substitute “is of the same kind as”.

(101) Schedule 1, item 1, page 296 (line 37), omit “(h)”, substitute “(g)”.

(102) Schedule 1, item 1, page 298 (line 4), omit “**employer**”, substitute “**applicant**”.

(103) Schedule 1, item 1, page 298 (line 7), omit “employer’s employees must give the employer”, substitute “applicant’s employees must give the applicant”.

(104) Schedule 1, item 1, page 298 (lines 10 to 15), omit subsection (2), substitute:

(2) If:

(a) a person (the **applicant**) applies for the issue of an RSA product to the employee; and

(b) the applicant has not previously applied to the RSA provider for the issue to any employee of an RSA product of the same kind;

the person (the **issuer**) who is to issue the RSA product to the employee must, at or before the time when the RSA product is issued to the employee, give the applicant a Product Disclosure Statement in accordance with this Division for the RSA product.

(2A) If:

(a) a trustee (the **applicant**), under Part 24 of the *Superannuation Industry (Supervision) Act 1993*, applies on behalf of a person for the issue of an interest in a relevant superannuation entity; and

(b) the applicant has not previously applied under that Part for the issue of an interest in that entity on behalf of any person;

the person (the **issuer**) who is to issue the interest to the person must, at or before the time when the interest is issued to the person, give the applicant a Product Disclosure Statement in accordance with this Division for the interest.

(2B) If:

(a) a trustee (the **applicant**), under Part 9 of the *Retirement Savings Accounts Act 1997*, applies on behalf of a person for the issue of an interest in a relevant superannuation entity; and

(b) the applicant has not previously applied under that Part for the issue of an interest in that entity on behalf of any person;

the person (the **issuer**) who is to issue the interest to the person must, at or before the time when the interest is issued to the person, give the applicant a Product Disclosure Statement in accordance with this Division for the interest.

(105) Schedule 1, item 1, page 298 (line 16), omit “employer”, substitute “applicant”.

(106) Schedule 1, item 1, page 298 (line 17), omit “or (2)”, substitute “(2), (2A) or (2B)”.

(107) Schedule 1, item 1, page 298 (line 18), omit “employer”, substitute “applicant”.

(108) Schedule 1, item 1, page 298 (after line 23), at the end of subsection (3), add:

- Note: Information in a Supplementary Product Disclosure Statement is taken to be contained in the Product Disclosure Statement it supplements (see section 1014D).
- (109) Schedule 1, item 1, page 298 (line 24), omit “employer”, substitute “applicant”.
- (110) Schedule 1, item 1, page 298 (line 25), omit “or (2)”, substitute “(2), (2A) or (2B)”.
- (111) Schedule 1, item 1, page 298 (lines 27 to 29), omit subsection (5), substitute:
- (5) In this section:
- (a) terms used in subsection (1) that are defined for the purposes of the *Superannuation Industry (Supervision) Act 1993* have the same meanings as in that Act; and
- (b) terms used in subsection (2) that are defined for the purposes of the *Retirement Savings Accounts Act 1997* have the same meanings as in that Act; and
- (c) **relevant superannuation entity** has the same meaning as in section 1016A of this Act.
- (112) Schedule 1, item 1, page 307 (lines 1 and 2), omit “lodgment of a copy of the Product Disclosure Statement with ASIC”, substitute “date of the Product Disclosure Statement”.
- (113) Schedule 1, item 1, page 307 (lines 5 and 6), omit “lodgment of a copy of the Product Disclosure Statement with ASIC”, substitute “date of the Product Disclosure Statement”.
- (114) Schedule 1, item 1, page 309 (line 29), after “update”, insert “, or add to,”.
- (115) Schedule 1, item 1, page 310 (line 3), before “Product”, insert “Supplementary”.
- (116) Schedule 1, item 1, page 310 (line 32), after “person”, insert “(the *client*)”.
- (117) Schedule 1, item 1, page 311 (line 6), omit “giving the person”, substitute “giving the client”.
- (118) Schedule 1, item 1, page 311 (line 7), omit “person”, substitute “client”.
- (119) Schedule 1, item 1, page 311 (line 11), after “1013K”, insert “, and subsections 1013C(3) to (7),”.
- (120) Schedule 1, item 1, page 313 (line 9), omit “911(2)(j)”, substitute “911A(2)(j)”.
- (121) Schedule 1, item 1, page 313 (line 31), omit “notify ASIC”, substitute “lodge a notice with ASIC advising”.
- (122) Schedule 1, item 1, page 313 (line 32), after “as soon as practicable”, insert “, and in any event within 5 business days,”.
- (123) Schedule 1, item 1, page 315 (line 3) to page 316 (line 5), omit section 1016A, substitute:
- 1016A Provisions relating to use of application forms**
- (1) In this section:
- eligible application**, in relation to a restricted issue or restricted sale of a relevant financial product, means an application that satisfies the following requirements:
- (a) the application is made using an application form; and
- (b) the application form used to apply for the product:
- (i) was included in, or accompanied, a Product Disclosure Statement given to the applicant that contained all the information that would have been required to be contained in a Product Disclosure Statement for the product given at the time of the making of the application; or
- (ii) was copied, or directly derived, by the applicant from a form referred to in subparagraph (i); and
- (c) all other applicable requirements (if any) in regulations made for the purposes of this paragraph are satisfied in relation to the application.
- Note: Information in a Supplementary Product Disclosure Statement is taken to be contained in the Product Disclosure Statement it supplements (see section 1014D).
- relevant financial product** means:
- (a) a managed investment product; or
- (b) a superannuation product; or
- (c) an investment life insurance product; or
- (d) an RSA product; or
- (e) a financial product of a kind specified in regulations made for the purposes of this paragraph.

relevant superannuation entity means a superannuation entity of a kind specified in regulations made for the purposes of this definition.

restricted issue means an issue of a relevant financial product to a person as a retail client, other than an issue covered by either of the following paragraphs:

- (a) an issue in a situation, or pursuant to an offer made in a situation, to which a subsection, other than subsection (1), of section 1012D applies; or
- (b) an issue in a situation, or pursuant to an offer made in a situation, to which section 1012E or 1012F applies.

restricted sale means a sale of a relevant financial product pursuant to an offer that:

- (a) is of a kind described in subsection 1012C(3) or (4); and
- (b) is not made in a situation to which a subsection, other than subsection (1), of section 1012D applies.

RSA provider has the same meaning as in the *Retirement Savings Accounts Act 1997*.

standard employer-sponsor has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

standard employer-sponsored fund has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

standard employer-sponsored member has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

superannuation entity has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

- (2) A person (the **issuer** or **seller**) must only make a restricted issue or a restricted sale of a relevant financial product to a person (the **recipient**) if:
 - (a) the issue or sale is made pursuant to an eligible application made to the issuer or seller by the recipient; or
 - (b) it is a restricted issue in relation to which the following conditions are satisfied:

- (i) the financial product is an interest in a relevant superannuation entity;
 - (ii) the interest is issued pursuant to an application made to the issuer by a standard employer-sponsor of the entity on the recipient's behalf;
 - (iii) if the application is the first application for the issue of a superannuation interest made to the issuer by the standard employer-sponsor on behalf of any person—the application is an eligible application; or
- (c) it is a restricted issue in relation to which the following conditions are satisfied:
 - (i) the financial product is an interest in a relevant superannuation entity;
 - (ii) the interest is issued pursuant to an application made to the issuer by another trustee under Part 24 of the *Superannuation Industry (Supervision) Act 1993* on the recipient's behalf;
 - (iii) if the application is the first application under Part 24 of that Act made to the issuer by the other trustee on behalf of any person—the application is an eligible application; or
 - (d) it is a restricted issue in relation to which the following conditions are satisfied:
 - (i) the financial product is an interest in a relevant superannuation entity;
 - (ii) the interest is issued pursuant to an application made to the issuer by an RSA provider under Part 9 of the *Retirement Savings Accounts Act 1997* on the recipient's behalf;
 - (iii) if the application is the first application under Part 9 of that Act made to the issuer by the RSA provider on behalf of any person—the application is an eligible application; or

- (e) it is a restricted issue in relation to which the following conditions are satisfied:
- (i) the financial product is an RSA product;
 - (ii) the interest is issued pursuant to an application made to the issuer by an employer (within the meaning of the *Retirement Savings Accounts Act 1997*) of the recipient;
 - (iii) if the application is the first application for the issue of an RSA product of that kind made to the issuer by the employer on behalf of any person—the application is an eligible application;
 - (iv) all other applicable requirements (if any) in regulations made for the purposes of this subparagraph are satisfied in relation to the application.

Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).

- (3) The trustee of a relevant superannuation entity must only permit a person to become a standard employer-sponsor of the entity if:
- (a) the person applied to become a standard employer-sponsor of the entity using an application form; and
 - (b) the application form used to apply to become a standard employer-sponsor:
 - (i) was included in, or accompanied, a Product Disclosure Statement given to the person that contained all the information that would have been required to be contained in a Product Disclosure Statement for an interest in the entity given at the time of the making of the application; or
 - (ii) was copied, or directly derived, by the person from a form referred to in subparagraph (i).

Note 1: Information in a Supplementary Product Disclosure Statement is taken to be contained in the Product Disclosure Statement it supplements (see section 1014D).

Note 2: Failure to comply with this subsection is an offence (see subsection 1311(1)).

- (4) The regulations may:
- (a) provide for defences to offences based on subsection (2) or (3); and
 - (b) provide for additional offences relating to the receipt or non-receipt of applications or application forms.

Note 1: A defendant bears an evidential burden in relation to a defence. See subsection 13.3(3) of the *Criminal Code*.

Note 2: For the limit on penalties for offences against the regulations, see paragraph 1364(2)(w).

(124) Schedule 1, item 1, page 322 (line 19), omit “911(2)(j)”, substitute “911A(2)(j)”.

(125) Schedule 1, item 1, page 329 (after line 24), at the end of subsection (9), add:

relevant sub-plan, in relation to a superannuation product or an RSA product, has the meaning given by the regulations.

(126) Schedule 1, item 1, page 331 (after line 25), after section 1017D, insert:

1017DA Trustees of superannuation entities—regulations may specify additional obligations to provide information

- (1) The regulations may:
- (a) require the trustee of a superannuation entity to do all or any of the following:
 - (i) provide information to the holder of a superannuation product (being an interest in that entity) with information relating to the management, financial condition and investment performance of the entity and/or of any relevant sub-plan (within the meaning of section 1017C);
 - (ii) provide information to the holder or former holder of a superannuation product (being an interest in that entity), or to any other person to whom benefits under the product are payable, with information relating to his or her benefit entitlements;
 - (iii) provide information to the holder of a superannuation product (be-

- ing an interest in the entity) with information about arrangements for dealing with inquiries and/or complaints relating to the product; or
- (b) require an RSA provider to do either or both of the following:
- (i) provide information to the holder or former holder of an RSA product provided by the RSA provider, or to any other person to whom benefits under the product are payable, with information relating to his or her benefit entitlements;
- (ii) provide information to the holder of an RSA product provided by the RSA provider with information about arrangements for dealing with inquiries and/or complaints relating to the product.
- (2) Without limiting subsection (1), regulations made for the purposes of that subsection may deal with all or any of the following:
- (a) what information is to be provided;
- (b) when information is to be provided;
- (c) how information is to be provided.
- (3) The trustee of a superannuation entity, or an RSA provider, must provide information in accordance with any applicable requirements of regulations made for the purposes of subsection (1).
- Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).
- (4) In this section:
- RSA provider** has the same meaning as in the *Retirement Savings Accounts Act 1997*.
- superannuation entity** has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.
- (127) Schedule 1, item 1, page 336 (line 30), omit “if the holder agrees”, substitute “subject to subsection (5A)”.
- (128) Schedule 1, item 1, page 336 (after line 37), after subsection (5), insert:
- When confirmation may be provided by means of a standing facility*
- (5A) Confirmation may only be provided by means of a facility as mentioned in paragraph (5)(b) if:
- (a) the holder concerned has agreed that confirmation of transactions involving the product may be provided by means of the facility; or
- (b) the holder concerned:
- (i) has, in accordance with the applicable requirements (if any) in regulations made for the purposes of this subparagraph, been informed, by or on behalf of the responsible person, about the facility and its availability to the holder as a means of obtaining confirmation of transactions involving the product; and
- (ii) has not advised the responsible person that the holder does not agree to use the facility as a means of obtaining such confirmations.
- (129) Schedule 1, item 1, page 354 (lines 5 to 8), omit paragraph (c), substitute:
- (c) provide that this Part applies as if specified provisions were omitted, modified or varied as specified in the regulations.
- (130) Schedule 1, item 1, page 374 (lines 18 to 21), omit subsection (1) (but not the notes), substitute:
- (1) A person must not (whether in this jurisdiction or elsewhere) enter into, or engage in, a fictitious or artificial transaction or device if that transaction or device results in:
- (a) the price for trading in financial products on a financial market operated in this jurisdiction being maintained, inflated or depressed; or
- (b) fluctuations in the price for trading in financial products on a financial market operated in this jurisdiction.
- (131) Schedule 1, item 1, page 376 (after line 30), at the end of section 1041F, add:
- (3) This section applies in relation to the following conduct as if that conduct were dealing in financial products:

- (a) applying to become a standard employer-sponsor (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) of a superannuation entity (within the meaning of that Act);
- (b) permitting a person to become a standard employer-sponsor (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) of a superannuation entity (within the meaning of that Act);
- (c) applying, on behalf of an employee (within the meaning of the *Retirement Savings Accounts Act 1997*), for the employee to become the holder of an RSA product.
- (132) Schedule 1, item 1, page 377 (lines 26 to 29), omit subparagraph (iv), substitute:
- (iv) applying to become a standard employer-sponsor (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) of a superannuation entity (within the meaning of that Act);
- (v) permitting a person to become a standard employer-sponsor (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) of a superannuation entity (within the meaning of that Act);
- (vi) a trustee of a superannuation entity (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) dealing with a beneficiary of that entity as such a beneficiary;
- (vii) a trustee of a superannuation entity (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) dealing with an employer-sponsor (within the meaning of that Act), or an associate (within the meaning of that Act) of an employer-sponsor, of that entity as such an employer-sponsor or associate;
- (viii) applying, on behalf of an employee (within the meaning of the *Retirement Savings Accounts Act 1997*), for the employee to become the holder of an RSA product;
- (ix) an RSA provider (within the meaning of the *Retirement Savings Accounts Act 1997*) dealing with an employer (within the meaning of that Act), or an associate (within the meaning of that Act) of an employer, who makes an application, on behalf of an employee (within the meaning of that Act) of the employer, for the employee to become the holder of an RSA product, as such an employer;
- (x) carrying on negotiations, or making arrangements, or doing any other act, preparatory to, or in any way related to, an activity covered by any of subparagraphs (i) to (ix).
- (133) Schedule 1, item 1, page 380 (after line 8), after the definition of **information**, insert:
- inside information** means information in relation to which the following paragraphs are satisfied:
- (a) the information is not generally available;
- (b) if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of particular Division 3 financial products.
- (134) Schedule 1, item 1, page 380 (after line 12), at the end of section 1042A, add:
- relevant Division 3 financial products**, in relation to particular inside information, means the Division 3 financial products referred to in paragraph (b) of the definition of **inside information**.
- (135) Schedule 1, item 1, page 383 (line 20) to page 384 (line 37), omit section 1043A, substitute:
- 1043A Prohibited conduct by person in possession of inside information**
- (1) Subject to this Subdivision, if:
- (a) a person (the **insider**) possesses inside information; and
- (b) the insider knows, or ought reasonably to know, that the matters specified in paragraphs (a) and (b) of the definition of **inside information** in section 1042A are satisfied in relation to the information;

the insider must not (whether as principal or agent):

- (c) apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products; or
- (d) procure another person to apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products.

Note 1: Failure to comply with this subsection is an offence (see subsection 1311(1)). For defences to a prosecution based on this subsection, see section 1043M.

Note 2: This subsection is also a civil penalty provision (see section 1317E). For relief from liability to a civil penalty relating to this subsection, see sections 1043N and 1317S.

(2) Subject to this Subdivision, if:

- (a) a person (the *insider*) possesses inside information; and
- (b) the insider knows, or ought reasonably to know, that the matters specified in paragraphs (a) and (b) of the definition of *inside information* in section 1042A are satisfied in relation to the information; and
- (c) relevant Division 3 financial products are able to be traded on a financial market operated in this jurisdiction;

the insider must not, directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:

- (d) apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products; or
- (e) procure another person to apply for, acquire, or dispose of, relevant Division 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products.

sion 3 financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant Division 3 financial products.

Note 1: Failure to comply with this subsection is an offence (see subsection 1311(1)). For defences to a prosecution based on this subsection, see section 1043M.

Note 2: This subsection is also a civil penalty provision (see section 1317E). For relief from liability to a civil penalty relating to this subsection, see sections 1043N and 1317S.

- (3) For the purposes of the application of the *Criminal Code* in relation to an offence based on subsection (1) or (2):
 - (a) paragraph (1)(a) is a physical element, the fault element for which is as specified in paragraph (1)(b); and
 - (b) paragraph (2)(a) is a physical element, the fault element for which is as specified in paragraph (2)(b).
- (136) Schedule 1, item 1, page 398 (lines 4 and 5), omit “managed investment product”, substitute “interest in a registered scheme”.
- (137) Schedule 1, item 1, page 399 (lines 18 to 21), omit subsection (1), substitute:
 - (1) This section applies to the following securities:
 - (a) shares in a company;
 - (b) debentures of a company;
 - (c) interests in a registered scheme.
- (138) Schedule 1, item 1, page 399 (line 22), omit “a managed investment product”, substitute “an interest in a registered scheme”.
- (139) Schedule 1, item 1, page 401 (line 15), omit “**Division**”, substitute “**Subdivision**”.
- (140) Schedule 1, item 1, page 401 (line 16), omit “Division”, substitute “Subdivision”.
- (141) Schedule 1, item 1, page 401 (line 19), omit “managed investment products”, substitute “interests in a registered scheme”.
- (142) Schedule 1, item 1, page 401 (line 20), omit “Division”, substitute “Subdivision”.
- (143) Schedule 1, item 1, page 401 (line 20), omit “a managed investment product”, substitute “an interest in a registered scheme”.
- (144) Schedule 1, item 1, page 420 (line 7), omit “managed investment products pre-

- scribed”, substitute “interests in a registered scheme, being interests that are covered”.
- (145) Schedule 1, item 1, page 420 (line 9), omit “options”, substitute “rights”.
- (146) Schedule 1, item 1, page 420 (line 15), omit “a managed investment product”, substitute “an interest in a registered scheme”.
- (147) Schedule 1, item 1, page 424 (after line 2), at the end of subsection (1), add:
- Note: The securities in respect of which a declaration under this subsection may be made are not limited to those covered by paragraphs 1073A(1)(a) to (d).
- (148) Schedule 1, item 1, page 426 (lines 3 to 7), omit section 1074A, substitute:
- 1074A Financial products to which this Division applies**
- This Division only applies in relation to particular financial products and a prescribed CS facility if regulations made for the purposes of this section provide that all financial products, or a class of financial products that includes the financial products, are financial products to which this Division applies in relation to the prescribed CS facility (whether or not they are also products to which this Division applies in relation to other prescribed CS facilities).
- (149) Schedule 1, item 1, page 432 (line 31) to page 433 (line 2), omit subsection (7), substitute:
- (7) For the purposes of this section, the **provisions of this Part** include:
- (a) definitions in this Act, or in the regulations, as they apply to references in this Part; and
- (b) any provisions of Part 10.2 (transitional provisions) that relate to provisions of this Part.
- (150) Schedule 1, item 1, page 436 (line 7), omit “having regard to”, substitute “having regard to the following matters, and to any other matters that ASIC considers are relevant”.
- (151) Schedule 1, item 1, page 436 (lines 28 and 29), omit subparagraph 1101B(1)(a)(iii), substitute:
- (iii) has contravened a provision of the operating rules, or the compensation rules (if any), of a licensed market or of the operating rules of a licensed CS facility; or
- (152) Schedule 1, item 1, page 437 (line 5), after “operating rules”, insert “, or the compensation rules (if any),”.
- (153) Schedule 1, item 1, page 437 (line 13), after “operating rules”, insert “, or the compensation rules (if any),”.
- (154) Schedule 1, item 1, page 438 (lines 12 and 13), omit subparagraph (vi), substitute:
- (vi) a provision of the operating rules, or the compensation rules (if any), of a licensed market or of the operating rules of a licensed CS facility; or
- (155) Schedule 1, item 1, page 438 (line 15), omit “operating rules of a licensed market or of”, substitute “operating rules, or the compensation rules (if any), of a licensed market or of the operating rules of”.
- (156) Schedule 1, item 1, page 439 (line 30), omit “subsection (9)”, substitute “subsection (12)”.
- (157) Schedule 1, item 1, page 440 (lines 11 to 21), omit subsection (9).
- (158) Schedule 1, item 1, page 440 (after line 32), at the end of section 1101B, add:
- (12) In this section:
- compensation rules** has the same meaning as in Part 7.5.
- property**, in relation to a financial services licensee, includes:
- (a) money; or
- (b) financial products; or
- (c) documents of title to financial products; or
- (d) other property;
- entrusted to, or received on behalf of, any other person by the financial services licensee or another person in the course of, or in connection with, a financial services business carried on by the financial services licensee.
- (159) Schedule 1, item 6, page 445 (after line 25), after subsection (2), insert:
- (3) If:
- (a) an external Territory is prescribed; and
- (b) in a provision of this Act that applies (either generally or in particu-

lar circumstances) in the external Territory, there is:

- (i) a reference to “Australia” or “this jurisdiction”; or
- (ii) a reference to a term the definition of which includes a reference to “Australia” or “this jurisdiction”;

then, unless a contrary intention appears, the reference to “Australia” or “this jurisdiction” in that provision as so applying, or in that definition as applying for the purposes of that provision as so applying, includes a reference to that external Territory.

- (160) Schedule 1, page 445 (before line 26), before item 7, insert:

6A Subsection 5(1) (definition of Australia)

Repeal the definition, substitute:

Australia has a meaning affected by subsection 4(3).

- (161) Schedule 1, page 446 (after line 18), after item 11, insert:

11A Subsection 5(1) (definition of foreign country)

Repeal the definition, substitute:

foreign country includes:

- (a) a part of a foreign country; and
- (b) when used in a provision of this Act that does not apply (either generally or in particular circumstances) to a particular external Territory—that external Territory (but only to the extent that the provision does not apply in that external Territory).

- (162) Schedule 1, page 446 (after line 25), after item 14, insert:

14A Subsection 5(1) (definition of Territory)

Repeal the definition, substitute:

Territory has the meaning given by the following paragraphs:

- (a) a reference in a provision of this Act to a Territory covers the Capital Territory and the Northern Territory;
- (b) if the reference is in a provision of this Act that applies (either generally or in particular circumstances) to a particular external Territory—the reference also covers that external Territory, but only to the

Territory, but only to the extent that the provision applies in that external Territory;

- (c) if the reference is to a Territory in a geographical sense—the reference also covers, for each Territory that the reference covers because of paragraph (a) or (b), to the same extent that the reference covers the Territory, that Territory’s coastal sea.

14B Subsection 5(1)

Insert:

this jurisdiction means:

- (a) each referring State (including its coastal sea); and
- (b) the Capital Territory (including the coastal sea of the Jervis Bay Territory); and
- (c) the Northern Territory (including its coastal sea).

Its meaning is also affected by subsection 4(3) (relating to external Territories).

- (163) Schedule 1, item 20, page 458 (lines 11 to 20), omit paragraphs (f) and (g).

- (164) Schedule 1, item 52, page 462 (lines 17 to 19), omit the item, substitute:

52 Subsection 41(1)

Omit “dealer” (wherever occurring), substitute “person who carries on a financial services business”.

- (165) Schedule 1, page 466 (after line 11), after item 81, insert:

81A Paragraph 95(1)(a)

After “Territory”, insert “(other than an external Territory)”.

- (166) Schedule 1, page 466 (after line 24), after item 86, insert:

86A At the end of subsection 127(2A)

Add:

; (d) the Reserve Bank of Australia.

- (167) Schedule 1, item 91, page 467 (line 11), omit “(5B)”, substitute “(5A)”.

- (168) Schedule 1, item 99, page 468 (lines 7 to 9), omit the item, substitute:

99 Section 146 (note 1)

Omit “CASAC was”, substitute “CAMAC was (under its previous name of the Companies and Securities Advisory Committee)”.

- (169) Schedule 1, page 468 (before line 10), before item 100, insert:

99A Section 146 (note 2)

Omit “CASAC”, substitute “CAMAC”.

- (170) Schedule 1, item 143, page 475 (line 1), after “Chapter”, insert “6CA or”.

- (171) Schedule 1, item 146, page 475 (lines 11 and 12), omit the item, substitute:

146 Section 9 (definition of *acquire*)

Repeal the definition, substitute:

acquire, in relation to financial products, when used in a provision outside Chapter 7, has the same meaning as it has in Chapter 7.

- (172) Schedule 1, item 152, page 475 (line 27) to page 476 (line 3), omit the item.

- (173) Schedule 1, item 257, page 486 (lines 15 and 16), omit the definition of *participant*, substitute:

participant, when used in a provision (the *relevant provision*) outside Chapter 7 in relation to a clearing and settlement facility or a financial market, has the same meaning as it has in Chapter 7 in relation to a clearing and settlement facility or a financial market, except that it does not include a reference to a recognised affiliate (within the meaning of that Chapter) in relation to such a facility or market unless regulations for the purposes of this definition provide that, in the relevant provision, it does include a recognised affiliate.

- (174) Schedule 1, page 507 (after line 14), after item 412, insert:

412A Subsection 707(3)

Omit all the words from and including “if the body issued the securities” to and including the end of paragraph (b), substitute:

if:

- (a) the body issued the securities without disclosure to investors under this Part; and
- (b) either:
 - (i) the body issued the securities with the purpose of the person to whom they were issued selling or transferring the securities, or granting, issuing or transferring

interests in, or options over, them; or

- (ii) the person to whom the securities were issued acquired them with the purpose of selling or transferring the securities, or granting, issuing or transferring interests in, or options over, them;

412B Subsection 707(4)

Repeal the subsection, substitute:

The purpose test in subsection (3)

- (4) For the purposes of subsection (3):

- (a) securities are taken to be:

- (i) issued with the purpose referred to in subparagraph (3)(b)(i); or
- (ii) acquired with the purpose referred to in subparagraph (3)(b)(ii);

if there are reasonable grounds for concluding that the securities were issued or acquired with that purpose (whether or not there may have been other purposes for the issue or acquisition); and

- (b) without limiting paragraph (a), securities are taken to be:

- (i) issued with the purpose referred to in subparagraph (3)(b)(i); or
- (ii) acquired with the purpose referred to in subparagraph (3)(b)(ii);

if any of the securities are subsequently sold, or offered for sale, within 12 months after issue, unless it is proved that the circumstances of the issue and the subsequent sale or offer are not such as to give rise to reasonable grounds for concluding that the securities were issued or acquired with that purpose.

- (175) Schedule 1, page 507 (after line 17), after item 413, insert:

413A Paragraph 707(5)(c)

Repeal the paragraph, substitute:

- (c) either:

- (i) the controller sold the securities with the purpose of the person to whom they were sold selling or transferring the securities, or granting, issuing or transferring

interests in, or options over, them; or

- (ii) the person to whom the securities were sold acquired them with the purpose of selling or transferring the securities, or granting, issuing or transferring interests in, or options over, them;

413B Subsection 707(6)

Repeal the subsection, substitute:

The purpose test in subsection (5)

- (6) For the purposes of subsection (5):

- (a) securities are taken to be:
 - (i) sold with the purpose referred to in subparagraph (5)(c)(i); or
 - (ii) acquired with the purpose referred to in subparagraph (5)(c)(ii);

if there are reasonable grounds for concluding that the securities were sold or acquired with that purpose (whether or not there may have been other purposes for the sale or acquisition); and

- (b) without limiting paragraph (a), securities are taken to be:
 - (i) sold with the purpose referred to in subparagraph (5)(c)(i); or
 - (ii) acquired with the purpose referred to in subparagraph (5)(c)(ii);

if any of the securities are subsequently sold, or offered for sale, within 12 months after their sale by the controller, unless it is proved that the circumstances of the initial sale and the subsequent sale or offer are not such as to give rise to reasonable grounds for concluding that the securities were sold or acquired (in the initial sale) with that purpose.

- (176) Schedule 1, page 507 (after line 19), after item 414, insert:

414A Subparagraph 708(8)(c)(i)

Omit "\$2.5 million", substitute "the amount specified in regulations made for the purposes of this subparagraph".

414B Subparagraph 708(8)(c)(ii)

Omit "\$250,000", substitute "the amount specified in regulations made for the purposes of this subparagraph".

- (177) Schedule 1, page 507 (after line 24), after item 415, insert:

415A After subsection 708(9)

Insert:

- (9A) In addition to specifying amounts for the purposes of subparagraphs (8)(c)(i) and (ii), the regulations may do either or both of the following:

- (a) deal with how net assets referred to in subparagraph (8)(c)(i) are to be determined and valued, either generally or in specified circumstances;
- (b) deal with how gross income referred to in subparagraph (8)(c)(ii) is to be calculated, either generally or in specified circumstances.

- (178) Schedule 1, page 509 (after line 23), after item 428, insert:

428A At the end of Chapter 6D

Add:

PART 6D.5—MISCELLANEOUS

742 Exemptions and modifications by regulations

- (1) The regulations may:
 - (a) exempt a person or class of persons from all or specified provisions of this Chapter; or
 - (b) exempt a security or class of securities from all or specified provisions of this Chapter; or
 - (c) provide that this Chapter applies as if specified provisions were omitted, modified or varied as specified in the regulations.
- (2) Without limiting subsection (1), regulations made for the purposes of this section may:
 - (a) declare that provisions of this Chapter are modified so that they apply (with or without further modifications) in relation to persons, securities, financial products or situations to which they would not otherwise apply; or
 - (b) declare that provisions of this Chapter are modified so that they apply (whether with or without further modifications) in a way that changes the person by whom or to

whom a document or information is required to be given by a provision of this Chapter.

- (3) For the purpose of this section, the *provisions of this Chapter* include:
- (a) definitions in this Act, or in the regulations, as they apply to references in this Chapter; and
 - (b) any provisions of Part 10.2 (transitional provisions) that relate to provisions of this Chapter.
- (179) Schedule 1, item 457, page 516 (after table item 255A), insert:
- 255AA Subsection 100 penalty units or
821BA(1) imprisonment for 2
years, or both.
- (180) Schedule 1, item 457, page 516 (after table item 255B), insert:
- 255BA Subsection 25 penalty units or
821C(3) imprisonment for 6
months, or both.
- (181) Schedule 1, item 457, page 523 (after table item 297C), insert:
- 297CA Subsection 50 penalty units.
1017DA(3)
- (182) Schedule 1, page 526 (after line 6), at the end of the Schedule, add:

Reserve Bank Act 1959

460 Subsection 5(1) (definition of *payments system policy*)

Repeal the definition, substitute:

payments system policy means policy for the purposes of the Bank's functions or powers under:

- (a) the *Payment Systems (Regulation) Act 1998*; and
- (b) the *Payment Systems and Netting Act 1998*; and
- (c) Part 7.3 of the *Corporations Act 2001*.

461 Subsection 10(2)

Omit "and the *Payment Systems and Netting Act 1998*", substitute "the *Payment Systems and Netting Act 1998* and Part 7.3 of the *Corporations Act 2001*".

462 At the end of subsection 10B(3)

Add:

- ; and (c) the powers and functions of the Bank under Part 7.3 of the *Corpo-*

rations Act 2001 are exercised in a way that, in the Board's opinion, will best contribute to the overall stability of the financial system.

463 At the end of Division 3 of Part IIIA

Add:

25M Payments System Board's report to the Minister

- (1) The Payments System Board must, as soon as practicable after 30 June in each year, prepare and give to the Minister a report that:
 - (a) describes the standards determined under section 827D of the *Corporations Act 2001* during the financial year ending on that 30 June; and
 - (b) describes any variations made to standards determined under that section that were in force during the financial year ending on that 30 June; and
 - (c) describes any revocations of standards determined under that section that were in force for part of the financial year ending on that 30 June; and
 - (d) discusses developments in the clearing and settlement industry during the financial year ending on that 30 June that are relevant to Australia's financial stability.
- (2) Section 34C of the *Acts Interpretation Act 1901* does not apply in relation to a report under subsection (1).

464 Subsection 79A(1) (definition of *protected document*)

Omit all the words after paragraph (c), substitute:

It also includes a document given or produced under, or for the purposes of, the performance or exercise of the functions or powers of the Reserve Bank under Part 7.3 of the *Corporations Act 2001*. It does not however include any document to the extent that it contains information that has already been lawfully made available to the public from other sources.

465 Subsection 79A(1) (definition of *protected information*)

Omit all the words after paragraph (c), substitute:

It also includes information disclosed or obtained in the course of, or for the purposes of, the performance or exercise of the functions or powers of the Reserve Bank under Part 7.3 of the *Corporations Act 2001*. It does not however include any information that has already been lawfully made available to the public from other sources.

466 Subsection 79A(2)

After “the *Banking Act 1959*,”, insert “Part 7.3 of the *Corporations Act 2001*,”.

467 After subsection 79A(6)

Insert:

- (6A) Subsection (2) does not prohibit a person from disclosing protected information, or producing a protected document, to the Australian Securities and Investments Commission if the person is satisfied that the disclosure of the information, or the production of the document, to that body will assist it to perform its functions or exercise its powers under Part 7.3 of the *Corporations Act 2001*.
- (6B) Subsection (2) does not prohibit a person from:
- (a) disclosing protected information that is information disclosed or obtained in the course of, or for the purposes of, the performance or exercise of the functions or powers of the Reserve Bank under Part 7.3 of the *Corporations Act 2001*; or
 - (b) producing a protected document that is a document given or produced under, or for the purposes of, the performance or exercise of the functions or powers of the Reserve Bank under Part 7.3 of the *Corporations Act 2001*;
- if the disclosure or production is:
- (c) to the Minister; or
 - (d) to the Secretary of the Department for the purpose of advising the Minister, or to an officer of the Department authorised by the Secretary for the purpose of advising the Minister.

468 Subsection 79A(8)

After “the *Banking Act 1959*,”, insert “Part 7.3 of the *Corporations Act 2001*,”.

469 After subsection 79A(9)

Insert:

- (9A) For the avoidance of doubt, information or a document that, as permitted by subsection 127(2A) of the *Australian Securities and Investments Commission Act 2001*, is disclosed to the Bank does not become, because of that disclosure, protected information or a protected document.
- (183) Schedule 3, page 539 (after line 1), after item 14, insert:

14A Section 9 (definition of voting power)

Omit “company”, substitute “body or managed investment scheme”.

- (184) Schedule 3, item 15, page 539 (lines 4 to 32), omit section 12, substitute:

12 References in Chapters 6 to 6C, and other references relating to voting power and takeovers etc.

- (1) Subject to subsection 16(1), but despite anything else in this Part, this section applies for the purposes of interpreting a reference to an associate (the *associate reference*), in relation to a designated body, if:
- (a) the reference occurs in a provision of Chapter 6, 6A, 6B or 6C; or
 - (b) the reference occurs in a provision outside those Chapters that relates to any of the following matters:
 - (i) the extent, or restriction, of a power to exercise, or to control the exercise of, the votes attached to voting shares in the designated body;
 - (ii) the primary person’s voting power in the designated body;
 - (iii) relevant interests in securities in the designated body;
 - (iv) a substantial holding in the designated body;
 - (v) a takeover bid for securities in the designated body;

- (vi) the compulsory acquisition, or compulsory buy-out, of securities in the designated body.
- (2) For the purposes of the application of the associate reference in relation to the designated body, a person (the *second person*) is an associate of the primary person if, and only if, one or more of the following paragraphs applies:
- (a) the primary person is a body corporate and the second person is:
- (i) a body corporate the primary person controls; or
- (ii) a body corporate that controls the primary person; or
- (iii) a body corporate that is controlled by an entity that controls the primary person;
- (b) the second person is a person with whom the primary person has, or proposes to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the designated body's board or the conduct of the designated body's affairs;
- (c) the second person is a person with whom the primary person is acting, or proposing to act, in concert in relation to the designated body's affairs.
- (3) For the purposes of the application of this section in relation to a designated body that is a managed investment scheme:
- (a) a reference to controlling or influencing the composition of the designated body's board is taken to be a reference to controlling or influencing:
- (i) if the scheme is a registered scheme—whether a particular company becomes or remains the scheme's responsible entity; or
- (ii) if the scheme is not a registered scheme—whether a particular person is appointed, or remains appointed, to the office (by whatever name it is known) in relation to the scheme that corresponds most closely to the office of responsible entity of a registered scheme; and
- (b) a reference to voting shares in the designated body is taken to be a reference to voting interests in the managed investment scheme.
- (4) In relation to a matter relating to securities in a designated body, a person may be an associate of the body and the body may be an associate of the person.
- (5) In this section:
- designated body* means:
- (a) a body; or
- (b) a managed investment scheme.
- (185) Schedule 3, page 540 (after line 15), after item 19, insert:
- 19A Section 610**
- Omit "body corporate" (wherever occurring), substitute "designated body".
- Note: The heading to section 610 is altered by omitting "**body corporate**" and substituting "**body or managed investment scheme**".
- Note: The heading to subsection 610(1) is altered by omitting "*body corporate*" and substituting "*body or managed investment scheme*".
- (186) Schedule 3, page 540 (after line 18), after item 20, insert:
- 20A At the end of section 610**
- Add:
- When a designated body is a managed investment scheme*
- (5) For the purposes of the application of this section in relation to a designated body that is a managed investment scheme:
- (a) a reference to voting shares in the designated body is taken to be a reference to voting interests in the scheme; and
- (b) a reference to the election of directors of the designated body is taken to be a reference to:
- (i) if the scheme is a registered scheme—the appointment of a responsible entity for the scheme; or
- (ii) if the scheme is not a registered scheme—the appointment of a person to the office (by whatever name it is known) in relation to the scheme that corresponds most closely to the office of responsi-

ble entity of a registered scheme;
and

- (c) a reference to the designated body's constitution is taken to be a reference to the scheme's constitution.

Meaning of designated body

- (6) In this section:

designated body means:

- (a) a body; or
(b) a managed investment scheme.

- (187) Schedule 3, page 540 (before line 19), before item 21, insert:

20B Subsection 629(2)

Omit all the words after "merely because" (including the note), substitute "of paragraph 12(2)(a)".

Today the government has introduced a number of parliamentary amendments to further refine the provisions in the bill. The amendments provide an explicit role for the Reserve Bank of Australia in relation to systemic risk issues associated with clearing and settlement facilities. A refinement is made to the regulation power to enable regulations which exclude persons from the financial service provider licensing provisions to be subject to conditions. This will facilitate a resolution for media organisations concerned about freedom of speech, and we will continue to work on that proposal. Furthermore, amendments have been introduced to allow the licensing and conduct provisions in the act to apply to superannuation funds that are operated by trustees that are not a body corporate but are comprised of a number of individual natural persons.

The amendments also replace the proposed licensing obligation to act 'competently and honestly' with an obligation to act 'efficiently, honestly and fairly'. Additionally, they clarify the respective roles of APRA and ASIC in relation to the licensing of APRA regulated bodies. Additional amendments correct some minor or technical drafting areas. I commend the amendments to the House.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

**FINANCIAL SERVICES REFORM
(CONSEQUENTIAL PROVISIONS)
BILL 2001**

Second Reading

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

That the bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Amendments (by **Mr Hockey**)—by leave—agreed to:

- (1) Schedule 1, item 276, page 102 (line 26), after "1016A(2)", insert "or (3)".
- (2) Schedule 1, item 290, page 105 (line 4), after "1016A(2)", insert "or (3)".

Bill, as amended, agreed to.

Third Reading

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

**CORPORATIONS (FEES)
AMENDMENT BILL 2001**

Second Reading

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

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 Hockey**) read a third time.

**CORPORATIONS (NATIONAL
GUARANTEE FUND LEVIES)
AMENDMENT BILL 2001**

Second Reading

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

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 Hockey**) read a third time.

CORPORATIONS (COMPENSATION ARRANGEMENTS LEVIES) BILL 2001

Second Reading

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

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 Hockey**) read a third time.

INTERACTIVE GAMBLING BILL 2001

First Reading

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

Second Reading

Mr ENTSCH ([Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources](#)) (12.35 a.m.)—I move:

That the bill be now read a second time.

Through the [Interactive Gambling Bill 2001](#), the government is taking strong and decisive action to protect Australian families from the further spread of problem gambling and the social and economic hardship that it brings to hundreds of thousands of Australians.

The bill responds to serious community concern about the availability and accessibility of gambling in Australia. The Productivity Commission has found that around 290,000 Australians are problem gamblers and account for over \$3 billion in losses annually. It found that problem gamblers comprise 15 per cent of regular gamblers and they account for one-third of all gambling expenditure annually. As the Prime Minister

indicated at the time of the commission's final report, this is disastrous not only for those problem gamblers but also for the estimated 1.5 million people they directly affect as a result of bankruptcy, divorce, suicide and lost time at work.

The commission also found that 70 per cent of Australians believe that gambling does more harm than good.

The government is concerned that the increased accessibility of gambling services via communications technologies such as the Internet has the potential to significantly exacerbate problem gambling among Australians.

The Productivity Commission found that new interactive technologies represent a quantum leap in accessibility to gambling. This is made more alarming by the associated finding that the prevalence of problem gambling is related to the degree of accessibility of gambling. The government acknowledge these possibilities in very clear terms: we do not want a poker machine in every lounge room.

Australians do not want more gambling opportunities. There are already countless ways to lose your money in this country. A recent survey by the Department of Family and Community Services found that more than two-thirds of Australians support a ban on Internet gambling, and the Productivity Commission found that 92 per cent of Australians surveyed did not want to see any further expansion of poker machines.

The government is particularly concerned that the alluring interactive nature of these services could attract a new and younger market of gamblers, particularly amongst the 'Internet generation'. Recent reports from the United States suggest that online gambling revenue there will triple by 2004, to over \$6 billion. Concerns have already been expressed by the American Psychiatric Association about young people with access to credit cards being targeted by Internet gambling operators, and 10 to 15 per cent of young people have reported significant gambling problems as a result of the Internet. Today's young Australians are accustomed to

spending significant amounts of time playing computer games and using the Internet and other new technologies and this makes them particularly susceptible to these new forms of gambling. Alarming, many online video and board game sites that target children and teenagers include links and banner advertisements for online gambling services.

Australians have every right to be concerned about these developments and the government is simply not prepared to sit back and wait for Australia to inherit a whole new gambling problem brought about by new online and interactive gambling services.

The [Interactive Gambling Bill 2001](#) will place restrictions on gambling services that are accessible to Australians through telecommunications services such as the Internet, and broadcasting services or datacasting services.

In doing so, the bill balances the protection of Australians with a sensible, enforceable approach.

It has three main elements.

Firstly, it will be an offence to provide an interactive gambling service to a person physically located in Australia. A maximum fine of \$1.1 million per day will apply to bodies corporate and \$220,000 per day to natural persons if they continue to contravene the offence provisions after the legislation comes into effect.

An interactive gambling service is defined to include the forms of gambling that are the most repetitive and addictive, such as Internet casinos and Internet poker machines, online ball-by-ball wagering on sporting events, and online scratch lotteries.

In addition, it will be an offence to provide Australian based interactive gambling services to customers in designated countries.

Secondly, the bill will establish a complaints scheme. The scheme will allow Australians to make complaints about interactive gambling services on the Internet. If the content is not hosted in Australia, regulatory authorities will notify the content to Internet

service providers so that the providers can deal with the content in accordance with procedures specified in an industry code or standard.

Any site that is subject to a complaint can also be referred by regulatory authorities to the police if it is thought to merit investigation in relation to the offence provisions, or for other reasons.

Thirdly, the bill will ban the advertising of interactive gambling in Australia. The ban will apply to broadcasting, datacasting, billboards, print media and the Internet.

It is important to note that the legislation does not mandate an Internet content blocking technology to be used by Internet service providers. This would place too great a regulatory burden on the Internet services industry.

Because the interactive gambling industry is still in its infancy, it is practical and appropriate that the Commonwealth take action now. In another year or two, the industry may have grown too big and established for any government to take action. Research indicates that the number of interactive gambling sites on the Internet has doubled in the last year from about 700 to perhaps 1,400.

This is exactly the situation that state and territory colleagues have found themselves in with poker machines. I am sure that there are a number of state and territory law-makers who regret earlier decisions to allow poker machine numbers to expand so dramatically. The Commonwealth is determined not to repeat this mistake with interactive gambling.

An approach of better regulation of interactive gambling is not feasible. The regulatory approach provides, in effect, a stimulus to the growth of this form of gambling which is quite irresponsible. Efforts by states and territories to reach agreement on new national standards for regulating Internet gambling have not succeeded despite the Prime Minister's announcement of the Commonwealth's concerns in December 1999. There is no reason to think they can restrict the growth of new forms of gambling any more

than they have been able to do with poker machines.

There have been suggestions that this bill will protect off-line gambling interests. This is quite incorrect. Nearly all gambling industry interests, comprising both online and off-line gaming and wagering operators, have consistently opposed the government's initiatives in this area, including the current moratorium. Measures to deal with problem gambling in the off-line world have been agreed by the Council of Australian Governments and are being monitored by the Ministerial Council on Gambling. I present the explanatory memorandum for this bill.

Leave granted for debate to continue forthwith.

Mr STEPHEN SMITH (Perth) (12.39 a.m.)—I will quickly outline the procedure that the opposition proposes to adopt so far as the [Interactive Gambling Bill 2001](#) is concerned. In the normal course of events, given the contentious nature of this bill, we have an exhaustive debate. We divide on the second reading amendment, which I will move at the conclusion of my remarks, we divide on the second reading and we divide on the third reading. But, given the state of the hour and the desire of all members to get through the business as quickly as possible, I think it will suffice for us to put our position on the record. I will move a second reading debate, and we will divide on the third reading—that will be the only division we will call.

Mr SPEAKER—I genuinely do not wish to interrupt the member for Perth. He will move a second reading amendment. The word he used was not 'amendment', so I just wanted to clarify that he was talking about an amendment. If the member for Perth checks the *Hansard*, he will find he said 'second reading debate', and that is why I wanted the clarification.

Mr STEPHEN SMITH—Our approach on this bill is well known. It has been put on the record in the Senate and in this House on previous occasions in debate on the [Interactive Gambling \(Moratorium\) Bill 2000](#). It has been put on the record in detail by Labor senators in two Senate committee reports,

and it has been put on the record in detail in the Senate in recent days and hours. There are three fundamental deficiencies in the government's legislation in terms of its approach. Firstly, the government's approach is based on hypocrisy and the pretence that the attempted banning by the government of online gambling will actually solve the problem. The hypocrisy is that, as this government does on so many issues, it says one thing but another thing will happen. It will not solve the problem, and the government in its heart of hearts knows it. Secondly, its framework is essentially unworkable. It is fundamentally and fatally flawed and it will be ineffective. And, thirdly, with the amendments that we have seen the government move in the Senate and accept from minor parties, we now have a dog's breakfast. We have a hypocritical, unworkable dog's breakfast. That is the outcome of the government's decision in this matter. The government's pretence that a ban on online gambling will work is incorrect: it will not and it cannot work. The only sensible approach in this matter is to adopt a sensible regulatory regime. That way you can provide Australian consumers with the best protection you can give and you can provide the best mitigation of the adverse consequences of social gambling.

Senator Alston and the Prime Minister have been saying that, if we do not proceed down the government's path, we will have a casino in every lounge room. Yes, there will be a casino in every lounge room; the problem is that it will be a foreign casino in every lounge room. Australians will be able to gamble on foreign online gambling sites and, despite the pretence that the government puts up, despite the amendments that it has moved in the Senate or has accepted from minor parties, any attempt to effectively ban that will be unworkable, and it will not work. Look, for example, at some of the commentary on the government's bill. On Thursday, 21 June the *Sydney Morning Herald* had an editorial entitled 'Lost in cyberspace', which read:

... it is a ban in name only. Australians will still be able to do the things Mr Howard railed against

when instituting a 12-month moratorium on cyberspace wagering in May last year.

It then goes on to make the point that the government's backflip will now permit Australians to place bets on horseracing, sporting contests, lotteries and casino games on the Internet. It says:

Australians remain free to play offshore cyberspace casino games. Banishing Internet casinos offshore may look good politically, but it is a flawed move.

These comments are echoed in the *Australian's* editorial of the same day, 'Howard's net gambling ban born to lose', which refers to the government's 'flawed online gambling ban'. It goes on to say:

The premise is mindless, the Government's defence of it is repetitive and flimsy ...

And it goes on with comparable and similar comments. The government amendments announced last week to allow wagering, lotteries, television games and linked jackpots simply compound the hypocrisy. Those who remember the Productivity Commission report will know that it said that the cause of the second most significant difficulty to do with gambling was wagering, and yet here we have the government doing a backflip at the last minute to allow it.

The government has also instituted an ad ban. It will ban advertisements about online casinos but not about off-line casinos. In any event, it will be ineffective: you cannot regulate adverts on offshore online sites, and the ban does not apply to search engines. So, if people want to find an online gambling site, they are going to use a search engine and the government's ad ban will not do anything about it.

The prosecution of offshore providers is based on the US wire wage act. That act has been so successful that we have seen the biggest online gambling industry formed in sites close to the United States—Bermuda, et cetera. That offshore protection is the basis on which these amendments are modelled and which the government touts as being so effective. We have seen one successful prosecution in the United States since 1960—one successful prosecution in 40

years. That is entirely ineffective. I notice today, online on Digital Media Web, it says:

Interactive gambling is a sure bet:

New research ...

American consumers have rapidly adopted to this new form of gambling and the US is the biggest market. Despite legal uncertainties regarding the legality of gambling, its 1.9 million online gamblers are currently earning this business an estimated \$US4.2 billion in revenues.

Then there is this comment:

"Despite adverse conditions due to legal restrictions, the online gambling market is thriving." ...

That is a reflection of the US wire wage act, on which the amendment that the government has moved and adopted in the Senate is based, insofar as prosecution of offshore punters is concerned. It is completely ineffective. The minor party amendments just add to the dog's breakfast.

That is a snapshot of the opposition's position on this matter. Our position has been substantially reflected in debate in recent days and hours in the Senate. The substance of that is reflected by the second reading amendment, which has been circulated in my name. It is a lengthy amendment. I will not read it; I will summarise it. The second reading amendment condemns the government for introducing an unworkable, internally inconsistent and hypocritical bill. It calls on the government to show leadership on this issue by proceeding down the road of sensible regulation, which is the only way in which you can provide Australians with proper and necessary protections—insofar as they are concerned as consumers—and which might actually do something constructive and reasonable to mitigate the adverse consequences of gambling. I move:

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 introducing an unworkable, internally inconsistent and hypocritical bill which:
 - (a) does not provide strong regulation of interactive gambling as the most practical and effective way of re-

- ducing social harm arising from gambling;
- (b) may exacerbate problem gambling in Australia by barring access to regulated on-line gambling services with in-built safeguards but which in practice will allow access to unregulated offshore on-line gambling sites that do not offer consumer protection or probity;
- (c) does not extend current regulatory and consumer protection requirements applying to off-line and land-based casinos, clubs or wagering venues to on-line casinos and on-line wagering facilities;
- (d) damages Australia's international reputation for effective consumer protection laws and strong, workable gambling regulations;
- (e) singles out one form of gambling in an attempt to create the impression of placating community concern about the adverse social consequences of gambling but does not address more prevalent forms of gambling in Australian society; and
- (f) is not technology neutral or technically feasible;
- (2) calls on the Government to show national leadership on this issue by:
- (a) addressing harm minimisation and consumer protection as well as criminal issues that may arise from on-line gambling;
- (b) ensuring a quality gambling product through financial probity checks on providers and their staff;
- (c) maintaining the integrity of games and the proper working of gaming equipment;
- (d) providing mechanisms to exclude those not eligible to gamble under Australian law;
- (e) implementing problem gambling controls, such as exclusion from facilities, expenditure thresholds, no credit betting, and the regular provision of transaction records;
- (f) introducing measures to minimise any criminal activity linked to interactive gambling;
- (g) providing effective privacy protection for on-line gamblers;
- (h) containing social costs by ensuring that adequate ongoing funds are available to assist those with gambling problems;
- (i) establishing consistent standards for all interactive gambling operators;
- (j) examining international protocols with the aim of achieving multilateral agreements on sports betting and other forms of interactive gambling;
- (k) investigating mechanisms to ensure that some of the benefits of on-line gambling accrue more directly to the local community;
- (l) working with State and Territory governments to ensure that on-line and interactive gambling operators meet the highest standards of probity and auditing through licensing agreements;
- (m) seeking co-regulation of interactive gambling by establishing a national regulatory framework that provides consumer safeguards and industry Codes of Practice; and
- (n) coordinating the development of a co-regulatory regime through the Ministerial Council comprising of relevant State and Federal Ministers".

Mr SPEAKER—Is the amendment seconded?

Mr Sciacca—I second the amendment.

Mr BARTLETT (Macquarie) (12.47 a.m.)—For some time it has been recognised that Australia has a problem with gambling. We are not talking about the desire for the occasional friendly bet. We know that Australians will bet on anything—on the proverbial two flies crawling up a wall. We quite happily boast a horse race that stops the nation each November, or the traditional Anzac two-up game. These have become part of our tradition. But it is a far cry from these to problem gambling, to the addictive gambling from which some people just cannot escape: the obsessive, irrational behaviour that creates so much misery, that sees a small number of people mindlessly chained all day to a

poker machine, that diverts money from essentials to feeding the insatiable desire to gamble, that sees the pay packet devoured by a master that never repays the favour, that leaves lives broken, families destitute and relationships destroyed.

It is estimated that Australia has some 290,000 problem gamblers. According to the 1999 Productivity Commission report, this makes us a world leader in the problem gambling stakes—not an area of leadership that we can be proud of. Australia has roughly 20 per cent of the world's poker machines, for instance.

Mr Snowdon interjecting—

Mr BARTLETT—The 290,000 problem gamblers in Australia, those whose lives are seriously affected, comprise 2.1 per cent of the adult population. They comprise around 15 per cent of regular gamblers. Problem gamblers lose a staggering \$3½ billion a year; that is roughly a third of the \$11 billion annual gambling market. Each problem gambler loses an average of \$12,000 a year, money which could obviously be better spent meeting the other essentials of life. For most individuals and families, these losses are totally unaffordable and unsustainable. Studies suggest that 80 per cent of Australia's problem gamblers are on annual incomes of \$40,000 or less and, with an average loss of \$12,000 a year for a family earning less than \$40,000, that really is an unaffordable and unsustainable loss. Something must be done about this problem and, with this bill, the government is making a serious attempt—

Mr Snowdon—At what?

Mr BARTLETT—to do so to protect the vulnerable from even greater problems, despite the interjections from the other side. The advent and proliferation of new interactive technologies greatly exacerbate the problem by making gambling services far more accessible. The Productivity Commission report on gambling found clear evidence of a link between accessibility of gambling and the incidence of problem gambling. The link is obvious. If you are an addictive gambler, if you cannot help it and gambling is

readily available, it is no surprise that you will be more likely to have a bet or two—or a lot more.

For many, the ubiquitous availability of poker machines and the ready access to a growing number of casinos has generated addiction far more easily than the occasional or even regular visit to a TAB. The advent of interactive online gambling increases accessibility even further. The home provides the ultimate in accessibility, potentially making it a virtual casino. As the Productivity Commission found, interactive technologies provide a 'quantum leap in accessibility' to gambling. This is particularly the case with electronic gaming, which has an addictive quality of its own, with the almost hypnotic nature of interactive electronic games involving repeatedly hitting the button.

The other problem with gambling on the Net is the appeal to a new younger market of computer savvy gamblers. We have all seen kids playing computer games, stuck at the screen for hours and unable to tear themselves away. Add to that the allure of financial gains, and there is a serious potential to create a new generation of problem gamblers. A recent report of the American Psychiatric Association warned that young people, many of whom have access to credit cards, are particularly susceptible because they use the Internet more than any other age group does. I will just read a couple of paragraphs from that recent report about the potential impact of interactive gambling on young people. It reads:

... Internet gambling, unlike many other types of gambling activity, is a solitary activity, which makes it even more dangerous: people can gamble uninterrupted and undetected for unlimited periods of time. Regular or heavy users of the Internet have been found more likely to participate in Internet gambling than other users.

... ..

... there is evidence that the rate of gambling problems is rising among young people. One significant hazard is that many online games sites—which target children and teens—have direct links to gambling sites. Many of these sites offer "freebies" and other supposed discounts to get young people started.

It goes on to say:

The National Gambling Impact Study Commission recommended that Congress ban all Internet gambling in the United States because of the difficulties in regulating the fairness and safety of the process. To date, no such action has been taken. Until it is, young people should be especially aware of the dangers of Internet gambling, and other forms of gambling as well.

The potential is there for this to create a real problem, particularly for young people. It is these dangers which must be reduced. This extra dimension of accessibility magnifies the potential losses. This government is determined to take a strong stand to prevent the advent of new technology leading to a proliferation in gambling addiction. It is a pity that the opposition is opposed to this. The contrast could not be clearer: the coalition government is willing to do what needs to be done to address serious social problems, yet Kim Beazley and the Labor Party show, yet again, that they are unwilling or unable to make the important decisions—again, from the other side a serious lack of leadership.

What does this bill do? It limits the growth of problem gambling by preventing access to online casino style gaming—interactive gaming. It limits accessibility to new interactive gambling sources which have the real potential for a massive leap in the accessibility of gambling, in the level of gambling and in the addiction to gambling and its commensurate losses.

An important distinction needs to be made. This legislation does not prevent the use of the Internet to place bets on external events such as sporting events, horse races or even lotteries—bets which could be placed over the phone. It does not prevent normal wagering activities. What it does attempt to prevent is gaming—that is, repetitive style gambling and casino type games online. The difference is quite clear and it is related to the potential damage and the potential for addiction—that potential which Labor refuses to acknowledge. One is related to external events which are episodic in nature and over whose frequency the punter has no control. The other is related largely to self-generated events: to events which can be

reproduced time and time and time again by the click of a mouse—the repetitive casino type games or the very repetitive events such as ball by ball wagering.

That is the distinction. We are trying to prevent those activities that are repeated time and time again largely at the will of the punter and therefore leading, with addiction, to enormous potential losses. These are the areas that present the possibility to the gambler of repetitive and uncontrolled betting and therefore repetitive and uncontrolled losing. The potential is there for people to lose massive amounts from their own living room; to lose massive amounts at the click of a mouse, without having to wait for the next race or the next football game; to conceivably lose their house without even leaving it. That is what this government is trying to stop. That is what this government is doing something about, and yet that is what Labor is willing to ignore—to ignore despite the massive losses, to ignore despite the social cost and to ignore despite the potential that it has to magnify the misery of addictive gambling.

How will this legislation work? Firstly, it will prohibit the provision of interactive online gambling services to people physically resident in Australia. Most importantly, this ban applies to all casino style gambling and to electronic forms of other instant repetitive games such as electronic scratchies. This prohibits the provision of these types of gambling through the Internet, the mobile Internet, digital TV and datacasting. Importantly, the onus will be on the gambling service provider and not the Internet service providers so as not to impede the IT industry itself yet still achieve the same effective limit to the growth of interactive gambling. Further, all interactive gambling service providers will be required to identify Australian players and prevent their access to prohibited gambling services. This can be achieved quite simply by the use of 'trace route' software which establishes the location of the user's computer. Some interactive service providers already use this type of software. Secondly, the advertising of gaming services on broadcast media, in print publication, on

billboards and on the Internet will be prohibited in order to limit the access of foreign gambling service providers to the Australian market. Further, advertising will be prohibited on sites aimed at an Australian audience where they contain paid links to Internet gaming sites. This will limit the take-up by Australians. Thirdly, overseas gaming service providers will be guilty of an offence if they provide online gaming services to residents in Australia.

No law is ever 100 per cent effective and this may not be 100 per cent effective either, but it will be a very big step in the right direction. It will substantially limit access to interactive gambling and is far more effective than Labor's cop-out. Labor's excuse is, 'It won't totally stop interactive gambling; therefore, we won't go along with it. We'll pretend that it's not a problem.' The point is that it will be effective in limiting the growth of addictive gambling. The opposition are happy to criticise and to sit on their hands and do nothing with the excuse that this will not be 100 per cent effective. If I could just refer to what the Reverend Tim Costello said about this in an article in the *Age* a couple of months back:

Social policy should never be dictated by an all-or-nothing approach, and this is why this ban, even if only 80 per cent successful, may save many in the web-smart next generation from being fodder for a ravenous gambling industry.

This is exactly the point. If we can limit the growth of dangerous, addictive online gambling, then it is worth us going down this path. You can always find excuses for doing nothing, and Labor are masters of that. Their excuse is that a regulatory approach would be better, yet it is obvious that regulatory approaches do not work. A draft model for regulation was drawn up in 1997 but never agreed to by the states and territories. Why? Because they are so dependent on gambling revenue that they will never go down that path. Yet Labor are somehow pretending that this might work. There was a regulatory approach in 1955 when poker machines came in, and now they are everywhere—we are drowning under a sea of poker machines.

The second argument Labor use is that it is not online gambling but the pokies that is the problem. It is true that currently poker machines are the biggest problem, but the Commonwealth does not have direct or express control over poker machines. The other point is that the rapid growth is in interactive gambling, which may soon take over from poker machines. In fact, Peter Gilooley, a member of the Australian Gaming Council and a former head of Tattersall's, estimates that within 10 years interactive gambling will equal the entire Tattersall's business if it is not controlled. In the US, they are estimating that interactive gambling will treble within the next three years, from four million users to 15 million users, if not controlled; and that over the five years from 1998 to 2003 the amount lost on the Internet will have increased almost tenfold, from \$651 million to \$6.3 billion.

Labor's approach is even worse. They say, 'We will develop some guidelines. We will get around to it some day. We will develop some principles, but we will get nowhere.' Labor's approach is a sad joke. Even the New South Wales Premier said that he supported the federal government's ban. Labor's approach is to do nothing, sit on their hands and hope the problem will go away. The bottom line is this: we have a serious social problem and we have the potential to do something about it before the technology makes it much worse. The coalition is willing to do something. The opposition is not willing to do anything. Who is making the responsible decisions which are in Australia's best interest?

Mr SNOWDON (Northern Territory) (1.02 a.m.)—What a nonsensical diatribe! We heard from the shadow minister his description of the *Interactive Gambling Bill 2001* as hypocritical, unworkable and a dog's breakfast—an apt description of this legislation. The hypocrisy which knows no bounds in the coalition was given frank expression by the previous speaker. His admission was very clear: the problem gambling was with those people who pull the poker machines, go to the supermarket and get scratchies and go to Tattslotto—they are the problem gamblers,

not the people on the Internet. And the Ludites on the other side are trying to tell us that, somehow or another, this piece of legislation is going to stop people gambling on the Internet. I have a suggestion. I could ask the Clerk, who is sitting at the desk here, to go into the Internet and click onto a gaming site anywhere in the world except the United States. He would be able to do it right now. While you are sitting here, Mr Speaker, he could be gambling on a site in the Caribbean right now, and nothing in this legislation could prevent him from doing so.

There is only one way to deal with the issue of gambling on the Internet, and that is to have a properly controlled and regulated system. I actually sat in here one day—much to your chagrin, I am sure, Mr Speaker, when you hear this—and when the Prime Minister was up on his scrapers during question time telling us how he was going to control Internet gambling, I switched on to an Internet gaming site in the Caribbean. As he was speaking in question time, I could have been gambling, from this very desk, on an Internet gaming site in the Caribbean. And there is nothing in the world that could have been done by the government to control the fact that I was gambling on the Internet, apart from saying, ‘Don’t do it here in the House.’

Mrs De-Anne Kelly—I rise on a point of order, Mr Speaker. We have just heard a contempt of parliament, indulging in—

Mr SPEAKER—The member for Dawson will resume her seat. The member for the Northern Territory was merely making an illustration that was entirely in keeping with the debate.

Mr SNOWDON—This legislation seeks to make it an offence for a person to provide interactive gambling services to a customer who is physically present in Australia. What a nonsense! What sort of enforcement will there be to stop people gambling on these overseas sites? There can be none; there will be none. As we know, the borderless characteristic of the Internet and its electronic commerce means that access cannot be denied. Since the geographical and legal domain of the Internet is undefined, legislation

may be legally enforceable but practically impossible, as we all know. Take for example the case of Napster in America. The intellectual property rights of music are legally protected. The provision of music in MP3 format online infringes on the rights of artists, but law enforcement officials in the USA are finding it impossible to control or prevent consumption in cyberspace. The power has shifted to consumers and away from gatekeepers—something this government has yet to learn.

I will conclude my brief comments by pointing to a couple of headlines in recent newspaper articles. A headline in the *Sydney Morning Herald* on 21 June this year said ‘Poised to be a thriving Australian industry, now all bets are off’. This article concluded by saying:

Lasseters Online, Australia’s first and only surviving Internet casino, said the bulk of its \$14.3 million in revenue came from off-shore.

Then it quoted the CEO, Peter Bridge, who said:

The upsetting thing is we have to tell those players we know to go and take their luck with Dodgy Brothers in the Caribbean.

That is going to be the effect of this legislation. Two other headlines that I will mention include one in the *Canberra Times* on 29 March this year, which said, ‘Gambling ban not the way to go’—and it is not the way to go—and a second one in the *Financial Review*, also on 29 March, which said, ‘Gambling ban doesn’t add up’ and the sub-heading said, ‘A contradictory decision that combines the worst inclinations of King Canute and a colonialist.’ And that is what it is. It is an absolute farce, it is hypocritical, it will not work and it is, as the shadow minister described, an absolute dog’s breakfast.

Mrs DE-ANNE KELLY (Dawson) (1.07 a.m.)—I think the [Interactive Gambling Bill 2001](#) is a great bill, and I am proud to be a part of a responsible, caring government. Currently within Australian society we can see a mesmerising movement, a strengthening of dependence, a gambling psyche creeping into Australian life. Interactive gambling is exploiting the vulnerable and

susceptible in our society. I am proud that we have sharp and decisive legislation to ensure that those who are vulnerable in Australian society are going to be accounted for. We know from the results of the Productivity Commission inquiry presented by the Treasurer in 1998 that there is a serious problem in Australia with gambling. With over \$11 billion being lost annually by Australians, we cannot afford to overlook the implications.

Also contained within that report released by the Treasurer was the alarming fact that there are now in excess of 130,000 Australians with severe gambling related problems. Compulsive gambling specialists say that they are most concerned that the easy access of the Internet could accelerate gambling addiction. Dr Howard Shaffer, the director of the division on addictions at Harvard Medical School, believes that the Internet as a gambling vehicle will actually produce more dependence. He said:

As smoking crack cocaine changed the cocaine experience, I think electronics is going to change the way gambling is experienced.

Bill Saum, the director of enforcement for the NCAA, said:

We're concerned that athletes may be wagering over the Internet and that Internet wagering is about to explode on college campuses. What we would end up with is a significant number of closet gamblers, a number of whom would be athletes. That's a problem for all of us.

We have just heard the member for the Northern Territory. I am not for one moment saying that he has gambled in parliament—that would be unparliamentary—but on his laptop in Parliament House he could call up a site. We could even gamble away in Parliament House, should we so choose. Every Australian would say that that is absolutely unacceptable. By opposing this bill, the opposition are in effect not only selling out those right throughout Australian society in need of help or protection but are assisting those who would exploit the vulnerable in the Australian community. Addicted gamblers in Australia do not need another opportunity to have their houses sold out from under them.

A report released in America last year highlights the deep concerns of the American Psychiatric Association. Their concerns revolved around today's contemporary youth who, by virtue of having unprecedented access to credit cards and to the use of the Internet, are particular vulnerable. Today's youth have continually proven to be the largest demographic group to use the Internet and to spend the highest average time logged on. The association said that there are many online video and broader gaming sites which are targeting children and teens and increasingly including links to gambling sites.

I had my speech for tonight researched by a young work experience student, Casey Moon—somebody who uses the Internet and understands young people and the driving need for them to exploit the opportunities that the Internet presents. He also noted that 10 to 15 per cent of young people have reported significant gambling problems as a result of the Internet.

I notice that the opposition are opposed to this legislation. The reason for that is that they appreciate dependency, they like to see losers and they like to exploit weakness. The reality is that on this side of the House we like to empower people in Australia. We like to ensure that those who are vulnerable and susceptible are not able to gamble their home away while they are still in it. We like to empower Australians and ensure that they are winners, not losers. I deplore the policies of the opposition in regard to Internet gambling. We know that it is addictive, episodic and repetitive. We are ensuring that Australians are able to keep the assets and savings that they have to better their families, and not spend them, as the member for the Northern Territory is proposing, on Internet sites not only in Australia but also overseas. I notice from current newspaper articles that there is in fact a move from the minister—and I commend the minister and totally support his actions—that Australians betting on Internet sites overseas may not have their credit card losses supported by Australian banks. If that is the case, that Australian banks are going to do that and not allow Australians to lose on

foreign sites, good on them! I commend the minister. The Labor Party are weak.

Mr NEVILLE (Hinkler) (1.13 a.m.)—The purpose of the **Interactive Gambling Bill 2001** is to prohibit Australian based interactive gambling services being provided to customers in Australia and to limit the ability of Australian customers to access Internet gambling sites located overseas. There will be some exemptions from this; for example, wagering and sports betting, by which people who can already have access by way of telephone will be able to have it by way of the Internet.

However, micro-event, blow-by-blow and ball-by-ball betting will remain prohibited, and so it should. Lotto and lotteries will be exempted, in recognition of the fact that, like sports betting and wagering, they do not have a repetitive and addictive characteristic about them. There have been some concerns that online lottery sales may affect newsagents, but there is nothing from the overseas experience that would indicate that this would be the case. Take Finland, for example: lottery tickets have been sold on the Internet there since 1996, and the sales are less than three per cent. In Sweden, sales are less than one-third of one per cent.

This ban on Internet gambling has really exposed a divide in Australian politics and illustrates the real difference between those opposite and the government. Those opposite profess compassion for the Australian people—and we have heard that bleated out today by the member for Lilley, who was talking about all sorts of vague concepts of how dreadful Centrelink has been to people—but it is we on the conservative side that are taking action to protect Australian families.

Does the Leader of the Opposition want a poker machine in every lounge room—a move that would tear more Australian families apart? The National Party want to keep families strong and together. National Party policy—and I will forgive those opposite if they are not familiar with that word ‘policy’—have the family as the fundamental unit from which our society is nurtured and

thrives. Our policy says specifically that government policies should preserve and promote the family, and the Nationals in government have delivered on this.

By contrast, a quick look at the Labor Party web site shows that they have no family policies at all; yet they come into the House tonight and preach to us. The member for the Northern Territory says that, because people will be able to gamble overseas on a web site, somehow that is all right. But just think about that: if you want to gamble overseas on the web site, what guarantee have you got that you are going to be paid? We do not have any sort of bilateral arrangement with countries in relation to gambling. If you have a big win one night from your lounge room on some overseas web site and you win half a million dollars or a \$1 million, what guarantee have you got that you are going to be paid? Of course, the government does have the ultimate sanction that, when those people come to Australia and want to do some other form of business in this country, they can be liable to Australian laws.

It is interesting that the National Office for the Information Economy conducted an inquiry that, based on economic modelling, suggested a ban may have modest or small economic benefits for Australia in restricting access to a harmful activity and possible aggregate benefits for state and territory taxation revenue. It found that the growth of interactive gambling had the potential for negative social consequences in Australia because of increased accessibility of gambling services.

The Productivity Commission report on gambling revealed the following staggering and sobering facts. Over 80 per cent of Australians gambled in the last year, spending \$11 billion—not million but billion—with 40 per cent of them gambling regularly. Gambling is a big and rapidly growing business in Australia, with the industries currently accounting for 1.5 per cent of GDP and employing over 100,000 people in more than 7,000 businesses throughout the country. However, the net gains in jobs and economic activity are small when account is taken of the impact on other industries of the diver-

sion of consumer spending to gambling, and that is the key thing. If you divert consumer spending from other legitimate activities to gambling, it has a negative effect

Around 130,000 Australians—about one per cent of the population—are estimated to have severe problems with their gambling and a further 160,000 adults are estimated to have moderate problems, which may not require treatment but warrant policy concern. Taken together, problem gamblers represent just over 290,000 people or over two per cent of Australian adults. Problem gamblers comprise 15 per cent of regular non-lottery gamblers and account for about \$3.5 billion in expenditure annually—about one-third of the gambling industries' market. They lose on average \$12,000 per year, compared with just under \$650 for other gamblers.

We have heard debates in this House over recent weeks on the dreadful effects of the government changing this or that measure in the social security agenda. But these particular gambling measures would have a profound effect on income, on government revenue, on a whole range of issues. Perhaps the most damning finding in terms of opposition to the bill is that the prevalence of problem gambling is related to the degree of accessibility to gambling, especially gaming machines. You can imagine someone sitting in their lounge room late at night, perhaps lonely, dialling up the Internet. They have the stubbie in one hand and the fingers of the other hand on the keyboard, and they are gambling as if they are sitting in front of a poker machine. That is bad. That is what we are banning.

The second thing we are banning is virtual scratchies. If you want to go into a newsagent and buy a few scratchies, take them home or out to the little counter outside and have a bit of a scratch, a bit of fun, you have to make a conscious decision. You have to go into the place, you have to put your money across the counter, you have to take the scratchie, you have to scratch the thing off, and say, 'Oh damn, I missed that one,' and probably go home. But if you have that access in your home and the interactivity fills

the whole computer screen, and if you move the cursor or the mouse and it virtually scratches the screen, if you lose then you will say, 'Oh, we will have another one—and another one—and another one.' And you can do that right through the night if you want to if you are prepared to permit virtual scratchies on screen.

To go another step, you then come to keno. That has not been defined specifically in the bill and it will be a question for ministers in future to decide whether keno should be treated as a casino game, in which case it would be banned, or whether it should be treated as a lottery game, in which case it could be approved. This will be a bit of a dilemma. If you want to bet on keno, in normal circumstances you go into a casino, a club or a pub and you pick up a card and consciously mark what squares you want to make the bet on. You put that across the counter and you pay your money for the number of games you might require: you make a conscious decision to bet. But what are you going to do if you can just bring it up on your computer screen, perhaps have some device by which you can put in your credit card, and, as the computer game scrolls over about every five minutes, you can constantly keep betting, again perhaps with the stubbie in one hand and the other hand on the keyboard? To me, that is a very dangerous form of gambling and comes very close to interactivity.

Finally we come to lotteries. I have no problems with lotteries themselves. If you want to order a ticket in the RSL homes or the Mater homes or the Endeavour Foundation homes, and you want to put in an application by way of the Internet, I have no hang-ups with that. That is a conscious decision that you take at the time based on that form of activity. It is no different, I suppose, from sending in a letter requesting a ticket or five tickets or whatever it might be. Lotto itself is on the margin, I must admit. Depending on the state you live in, lotto might be on four or five nights a week, but there is only one game. If you want to bet through your computer I suppose it is no great shakes. Where I would come to variance

with that would be if the casinos, having taken control of that sort of activity, wanted to scroll through a lotto game every one, two or three hours. That would concern me. So there are many dimensions to this matter, and it requires a bit of clear thinking. The idea that because it is on the Internet, because it is on a computer, somehow you cannot control it is absolute nonsense.

I repeat: the member for the Northern Territory said that, because these services will be offered by overseas providers, that somehow makes them legitimate, and that is wrong. As I said before, if the activity is not permitted in Australia, what recourse to law would you have in Australia if, having won a major prize, the overseas organisation would not pay? We have sanctions under law if those providing illegal services to Australian citizens want to come to this country. They would then face the consequences in our courts.

The government has done a very good job on this. I flag again my concerns about keno and lotto going beyond a nightly game. Beyond that, I think it is a very sensible measure that will control a very difficult area of human activity. At the end of the day, what are we on about? All today we have had the opposition bleating about minor matters of social security. Yet in this bill we have the potential to save this country not a few million, not tens of millions, not hundreds of millions but literally billions of dollars.

Mr Snowdon—This is drivel, brother.

Mr NEVILLE—It is not drivel. You do not want to face the facts, do you? You think because you give it laissez-faire treatment that somehow it will all come good in the end, like you did with the analog phones—and you left half of Australia without a decent phone system. If you are going to allow this sort of rubbish, it shows that you have a very poor regard for Australian families. I commend the government for the bill and most assiduously oppose the opposition's—

Mr Snowdon—Well thought out amendments.

Mr NEVILLE—Well thought out amendments? Good God!

Mr ENTSCH (*Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources*) (1.27 a.m.)—I thank all members on both sides who have contributed to this debate on the *Interactive Gambling Bill 2001*. With this bill the government is taking a stance to prevent the escalation of the harmful effects of gambling on the Australian community. The states and territories have not been able to produce a nationally accepted regulatory code for online gambling. It is necessary for the Commonwealth to provide strong leadership on this issue. I am aware of criticisms that the bill will force Australia to use offshore Internet gambling services. The government has addressed this in the following manner. The bill will ban the advertising of interactive gambling services, which will limit the access of offshore providers to the Australian market. The bill applies the offence of providing an interactive gambling service to offshore operators, which will deter them from signing up Australian customers.

The government does not support an approach that seeks uniform national regulation of interactive gambling. The regulatory approach provides, in effect, a stimulus to the growth of this form of gambling. Efforts by states and territories to reach agreement on national standards for regulating Internet gambling have not succeeded, despite the Prime Minister's announcement of the Commonwealth's concerns in December 1999. There is no reason to think that the states and territories can restrict the growth in new forms of gambling any more than they have been able to with their poker machines.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Third Reading

Leave granted for third reading to be moved forthwith.

Motion (by **Mr Entsch**) put:

That the bill be now read a third time.

The House divided. [1.34 a.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes.....	68
Noes.....	<u>61</u>
Majority.....	7

AYES

Abbott, A.J.	Anderson, J.D.
Andren, P.J.	Andrews, K.J.
Anthony, L.J.	Baird, B.G.
Barresi, P.A.	Bartlett, K.J.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Downer, A.J.G.	Elson, K.S.
Entsch, W.G.	Fahey, J.J.
Fischer, T.A.	Forrest, J.A *
Gallus, C.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Jull, D.F.
Kelly, D.M.	Kelly, J.M.
Kemp, D.A.	Lawler, A.J.
Lieberman, L.S.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
May, M.A.	McArthur, S *
McGauran, P.J.	Moylan, J. E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Prosser, G.D.
Pyne, C.	Reith, P.K.
Ronaldson, M.J.C.	Ruddock, P.M.
Schultz, A.	Scott, B.C.
Secker, P.D.	Slipper, P.N.
Southcott, A.J.	St Clair, S.R.
Stone, S.N.	Sullivan, K.J.M.
Thompson, C.P.	Thomson, A.P.
Truss, W.E.	Tuckey, C.W.
Vaile, M.A.J.	Vale, D.S.
Wakelin, B.H.	Washer, M.J.
Williams, D.R.	Worth, P.M.

NOES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Brereton, L.J.
Burke, A.E.	Byrne, A.M.
Corcoran, A.K.	Cox, D.A.
Crean, S.F.	Crosio, J.A.
Danby, M.	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.

Gibbons, S.W.	Gillard, J.E.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hoare, K.J.
Hollis, C.	Irwin, J.
Jenkins, H.A.	Kernot, C.
Kerr, D.J.C.	Lawrence, C.M.
Lee, M.J.	Livermore, K.F.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McLeay, L.B.
McMullan, R.F.	Melham, D.
Morris, A.A.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, G.M.	O'Keefe, N.P.
Plibersek, T.	Price, L.R.S.
Quick, H.V.	Roxon, N.L.
Rudd, K.M.	Sawford, R.W *
Sciaccia, C.A.	Sercombe, R.C.G *
Short, L.M.	Sidebottom, P.S.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.	Wilkie, K.
Zahra, C.J.	

PAIRS

Howard, J.W.	Beazley, K.C.
Wooldridge, M.R.L.	Horne, R.
Somlyay, A.M.	Latham, M.W.

* denotes teller

Question so resolved in the affirmative.

Bill read a third time.

BILLS RETURNED FROM THE SENATE

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

Parliamentary Contributory Superannuation Amendment Bill 2001

Migration Legislation Amendment (Immigration Detainees) Bill 2001

Passenger Movement Charge Amendment Bill 2001

ADJOURNMENT

Motion (by **Miss Jackie Kelly**) proposed:

That the House do now adjourn.

Parliamentary Privilege: Senator Heffernan

Member for Kalgoorlie: Aboriginal Rights

Mr McMULLAN (Fraser) (1.39 a.m.)—
Firstly, I will inform the House of the arrangements as the Leader of the House advises me. We will have this extended ad-

journalment debate because there are still some bills to come back from the Senate, after which we will have a proper adjournment called 'going home'.

I want to speak tonight about two issues, the first of which is the appalling abuse of privilege by Senator Heffernan in the Senate the other night. Parliamentary privilege is very important and needs to be protected by all who care about the future of parliament. If you have evidence that any Australian has broken the law and that the courts are not dealing with it properly, you should take that evidence to the police, but Senator Heffernan provided no evidence, took no action, as a responsible citizen would, before he came into the parliament and abused the rights of Terry O'Shane. None of us, including Senator Heffernan, know the facts of this matter. But I know this is an appalling abuse of privilege. There is no way in which this can be justified as an attempt by a member of parliament to deal with the abuse of executive power; this is an abuse by a parliamentary secretary, by a member of the executive, of parliamentary privilege and of the rights of Mr O'Shane.

What we want to think about is why this happened. I believe it was not a coincidence, and I will quote a little more evidence to back this up in a moment. I believe it is a deliberate attempt to divide the country over indigenous issues. It is part of a continuing campaign such as that being conducted by the member for Kalgoorlie through comments which have just gone on the Internet and which are going to be in the *Age* tomorrow, comments which I will quote for the interest of my Labor colleagues. It is very enlightening; you will be pleased about it! He said:

We should not have allowed them the equal rights we gave them in 1967.

Now we have two extremists loose in the Liberal Party—Senator Heffernan and Mr Haase. I want to know what the Prime Minister is going to do about a member of his party saying:

We should not have allowed them the equal rights we gave them in 1967.

Where are the progressives in the Liberal Party who used to stand up for equal rights? Where are the progressives in the Liberal Party who used to stand up for indigenous people? Where are the progressives in the Liberal Party who used to speak up on these issues? There is a deafening silence. We have had an appalling abuse of privilege, and everybody knows that it is so. It has been made clear by every independent commentator.

Everybody knows that Senator Heffernan did the wrong thing, but nobody will say it. I am prepared to say it, and I am prepared to say it right here and now, and I am prepared to back up the remarks made some time ago by my colleague the member for Werriwa, when he said that previous activity by Senator Heffernan made him unfit to serve in his role as Parliamentary Secretary to Cabinet. I absolutely say that that abuse of parliamentary privilege, that abuse of the rights of Mr O'Shane, that appointment of himself as judge and jury of a person without any skerrick of evidence, makes him unfit to hold that office. Mr Haase's remarks, if they go unresponded to by the Prime Minister, cast doubt upon the whole attitude of this government and of the Liberal Party, which once used to stand for equal rights, to the issue of indigenous rights.

We need to acknowledge in this House of Representatives the statement made by Terry O'Shane that was read into the Senate today as a response to the allegations by Senator Heffernan. We need to recognise that when privilege is abused each of us as a member for parliament is lowered in the eyes of the Australian people, this institution of parliament is undermined and the standing of this great institution, which we are all pledged to uphold, is undermined. Every Australian member of parliament—Liberal, National Party, Labor—should be standing up and condemning this abuse of privilege. (*Time expired*)

Hinkler Electorate: Old Station Air Show

Mr NEVILLE (Hinkler) (1.44 a.m.)—I recently had the privilege of attending an air show in my electorate, which I believe is

unique in Australia, if not the world. The Old Station air show was the vision of George and Leonie Creed of Langmorn Station at Raglan and of the Old Station Flying Club, which is located, as one might expect, on the Creeds' other property, Old Station. Raglan is between Gladstone and Rockhampton, 15 kilometres west of the Bruce Highway.

This bush air show would put many capital city events to shame. On the June long weekend, I was fortunate enough to be able to attend the show with my colleague the Minister for Trade and deputy National Party leader, Mark Vaile, who opened the event. We attended the two-day event along with 7,000 other spectators. More than 200 aircraft flew in for the event, ranging from home-built kit planes and hang-gliders to Ansett's historic and lovingly maintained DC3, camouflaged French Boussard warplanes, Yaks, Sukhows, Tiger Moths, helicopters and gyrocopters. That is to say nothing of the Jabiru, 500 of which have been manufactured in Bundaberg by Rod Stiff and Phil Ainsworth.

Perhaps the biggest feature this year was the full RAAF Roulette team which performed at the event. Pilots brought their craft from all mainland states. One of the most remarkable aspects of the air show is the runway that George Creed and his sons, Andrew and Ron, have carved into their property. He tells me it all started when a mate stored some earth-moving equipment on his property. He had been a pilot for a long time and both of his sons had learned to fly as well, so they needed a strip. But the two-kilometre strip is beyond anything that you would expect to see on a working cattle station or, for that matter, in most towns. Even the old warbirds have no trouble landing on this superb strip which is a tribute to the Creed family and, might I say, the sort of ingenuity and can-do attitude prevalent in my electorate.

This year marked the 10th occasion of the Creeds' air show. They have thrown open their property for the air show, which is conducted by the Old Station Flying Club, and the hospitality brings people back year after

year. The club is led by President Russell Tidd, Secretary Christine Andrew and Treasurer Helen Creed. From the moment people started arriving on Friday night, the club, the Creeds and a legion of volunteers, including the Gladstone Lions Club, were preparing food and they continued to do so all weekend. Rockhampton Aero Club controlled the parking of the planes. On the Saturday night there was a rodeo, fireworks, and live entertainment.

Mr Vaile—Hear, hear!

Mr NEVILLE—Thank you. The camping ground was abuzz with camaraderie. The rodeo itself ropes in the pilots—the braver souls amongst them—for the amateur bull ride. The pilots are then auctioned off Calcutta style, and in this year's event one of the Roulettes proved his skill in the amateur bull ride by winning the event. A two-hour air show on Sunday was the pinnacle of the weekend, featuring aerobatics, a banner pick up, crop-dusting demonstrations and, of course, the precision formation flying by the Roulettes. With no control tower, communications are vital to safety and John Nixon of Nixon Communications in Gladstone provided the radio equipment for a team of dedicated volunteers. Money raised is passed on to a good cause. This year the show will again support the Central Queensland Rescue Helicopter Service. The previous air show raised \$10,000 and this year's event could well raise more.

The air show is an inspiring example of what we can achieve in the bush when we set our minds to it. Country people seem to have a rich experience of life. They make a lot of their own fun and this seems to heighten their sense of enjoyment and fellowship. As a National Party member, I suppose I connect easily with that type of event, and I thank the organisers and participants for enriching my own experience over a marvellous and memorable weekend.

Mr DEPUTY SPEAKER (Mr Nehl)—It is just as well that the honourable warbird's fuel has expired!

Parliamentary Privilege: Senator Heffernan

Mr SNOWDON (Northern Territory) (1.49 a.m.)—I wish to pursue the issues which were raised by my colleague the member for Fraser. In doing so, I want to commence by reading into the *Hansard* those words which were a response by Mr Terry O'Shane and were read into the Senate *Hansard* this afternoon. Terence O'Shane, Chairperson, Cairns and District ATSIC Regional Council makes these remarks in relation to Senator Heffernan's outrageous abuse of parliamentary privilege:

1. Senator Heffernan's remarks were made in the knowledge that the Supreme Court of Queensland had made an order on Friday night, 22 June, 2001 prohibiting the publication of any allegation by Dr Evelyn Scott to the effect that I sexually abused any of her children.
2. These allegations are false and without foundation. To my knowledge, no complaint has ever been made to the Police. There has never been a Police investigation nor have any criminal charges ever been laid.
3. Senator Heffernan's unfounded remarks in the Senate have done irreparable harm to my family and I and have immeasurably damaged my reputation and standing in the community.
4. Under the laws of this nation, every person is presumed to be innocent unless and until proven guilty in a Court of law. By attacking my character in this manner, Senator Heffernan has not only harmed my family and I but has undermined the integrity of our judicial process. It cannot be right or fair for a person's character to be destroyed under the cloak of parliamentary privilege with no recourse to legal redress.
5. I request the Committee grant me the limited redress of incorporating this Submission in *Hansard*.

I have now done that in this chamber. Let there be no doubt of the importance of this statement by Mr O'Shane. Let there be no doubt also about the heinous abuse of parliamentary privilege by Senator Heffernan, someone who espouses principles in relation to family, someone who says he understands the importance of family values. Here is a person who has used the power of the Senate, despite the fact that a matter was before the courts, to name a person in the parlia-

ment without any substantive allegation ever being made. This is a person who has the protection of the Prime Minister. This is a person who is a member of the coalition's executive. This is a person who, as he is wont to do, used the Senate to impugn the character of an Australian who has had no allegation made of him to the police about the matter raised in the Senate.

When this issue was first raised with Mr O'Shane—as I understand it—some years ago, he advised Dr Scott to take the matter to the police and have it properly investigated. That has never been done. Let there be no doubt about it: no-one on this side of the House wishes to protect anyone who abuses the rights of children or women in terms of sexual violence—no-one. But this is not about that; this is about the abuse of the privilege of parliament and about undermining the rights of Australian citizens in the eyes of other Australians. And let there be no doubt about the fact that this man's character has been impugned forever by the actions of Senator Heffernan. I note that we have a coterie of coalition members sitting in the parliament. What will they do to admonish Senator Heffernan?

Mr Barresi—Nothing!

Mr SNOWDON—Not one thing. That is right, you bald-headed idiot.

Mr Barresi—I ask him to withdraw that.

Mr DEPUTY SPEAKER (Mr Nehl)—I think the member for the Northern Territory had better withdraw that.

Mr SNOWDON—I withdraw. Then we have the sight of the member for Kalgoorlie, who represents a large indigenous constituency in this country, saying in the *Age* today: We shouldn't have allowed them the equal rights we gave them in 1967.

Let these two things be seen in tandem. This is about wedge politics. It is about dividing the community on the basis of race. It is about impugning people's characters. We have got here a coalition that does not understand the importance of those rights the indigenous people have got. Who on the other side of this chamber will support Mr Haase?

Get one person on the other side of chamber to support his statements. If they dare to, they will be pilloried all round the country, as Mr Haase will be pilloried around his electorate. I know, because I will help pillory him. (*Time expired*)

Tax Reform: Benefits

Nursing Homes: Accommodation

Mr LLOYD (Robertson) (1.54 a.m.)—A letter has been brought to my attention that has been circulated to many residents in my electorate by Senator Steven Hutchins, the shadow senator for the Central Coast. We do not see him there very often. We will probably send him a map so he knows where to go. This document is full of untruths. It is a dishonest and misleading document and I would like to take some time today to address some of the comments in it. The second paragraph states:

The GST has increased the cost of essential items like food ...

There is no GST on basic food items. In fact, food items have turned out to be cheaper because of a reduction in wholesale sales tax on transport and because of the diesel fuel rebate, which lowers the cost of transport. Just to prove how untrue that statement is, I draw the House's attention to the Econtech modelling—Econtech is the preferred modeller of the Labor Party—showing how the new tax system has turned out. It shows very clearly that the CPI has not risen to any great extent over the year. It shows that pensions are 2.1 per cent ahead of the cost of living. Since the introduction of the GST on 1 July, single age pensions have increased by \$15 per week, \$30 per fortnight—from \$372 to \$402 per fortnight. Since the coalition government came into power in March 1996, the single age pension has increased by \$59.40 per fortnight and it will continue to be indexed twice yearly. This shows that pensioners have not been disadvantaged by the GST. Another paragraph in this letter reads:

Most self-funded retirees won't benefit from Mr Costello's Budget and the \$300 promised to pensioners is less than a third of the \$1000—

which was the compensation for the GST. The \$300 bonus to pensioners was not paid

as compensation for the GST. It is a benefit that has been made available to pensioners and low income self-funded retirees as a result of the sound economic management of the coalition government. Because we have been able to address Labor's debt and to stop paying out \$4 billion every year in interest, we can now start to return some of that dividend back to the Australian community. The worst part of this letter is as follows:

Worse still, the Central Coast continues to have the largest shortage of residential aged care beds of any planning region in Australia.

I mentioned this issue in my maiden speech back in 1996. When we took office, what Labor had left us in the aged care area was an absolute disgrace. In its last four years in office, Labor reduced capital funding to aged care by 75 per cent. The Gregory report, which Labor commissioned, found that 40 per cent of people shared their room with four or more people, 13 per cent of nursing homes did not meet fire regulations, and 11 per cent of nursing homes did not meet health regulations. That meant that 64 per cent of people in nursing homes were in what the Labor Party's own report deemed as 'inadequate care'. They did not even have an accreditation system. That was introduced by the coalition government to ensure that every aged care home would be visited and audits would be conducted to bring them up to scratch. There are spot checks, and monitored visits have been taking place since 1998.

As well as bringing in the accreditation system, we have allocated a large number of additional nursing home beds. In 1999 on the Central Coast there were an additional 269 places; in 2000 an additional 487 places; and in 2001 an additional 800 nursing home places. I totally reject the claims in the senator's letter which has been distributed. The fact is that the coalition government is making inroads into ensuring that the Central Coast has enough high quality nursing home beds. Of course there is still a lot more to be done, but I am quite sure that, by my working with the people of the Central Coast over the next few years as the member for Robertson, we will continue to improve the number

of nursing home beds on the Central Coast and that everybody that needs to go into nursing home accommodation on the Central Coast can be assured that they will have a high level of care in an accredited system that will look after our frail and elderly residents. (*Time expired*)

Goods and Services Tax: Impact

Mr MURPHY (Lowe) (1.59 a.m.)—I would like to bring to the attention of the House a very significant report in yesterday's *Sydney Morning Herald* on page 4, titled 'Burwood Road now a street of broken dreams'. My electorate office is in Burwood Road and is in the heart of my electorate of Lowe. This survey on the impact of the GST on small business reveals a marked increase in insolvency and a flourishing black economy and confirms all the conversations that I have had with small business people in Lowe during the last 12 months. These survey results are another reality check for the Prime Minister. The Prime Minister is living in a virtual world of make-believe and fantasy. He thinks that if he tells small business long enough and hard enough that the GST is good for them they will eventually give up and go away. This report in yesterday's *Sydney Morning Herald* confirms that they are going away and that small business is going broke because of the savage impact of the GST.

Small businesses in Lowe are important employers of local residents and provide important goods and services to the people of my electorate. Every time a small business in Lowe goes broke we lose a business, a service and, importantly, employees lose their jobs. Small business is doing it tough because of the GST and particularly in my electorate of Lowe. Every time a small business goes broke, we all suffer.

Small businesses looking for relief from the GST from the government are between a rock and a hard place. On the one hand, they are being driven towards bankruptcy and, on the other hand, they are being driven towards looking for shelter in the tax avoidance industry of the cash economy. Given the situation of small businesses like those in my

electorate described in yesterday's *Sydney Morning Herald*, I ask the Prime Minister what he is going to do to save small businesses in Lowe from being forced to look for escape routes from the GST in bankruptcy or in tax avoidance through the black economy.

I would also like to draw to the attention of the House the fact that there are seven other Burwood Roads in my electorate of Lowe alone: Great North Road in Five Dock; Victoria Road in Drummoyne; Parramatta Road; Concord Road, Concord; Liverpool Road from Ashfield to Strathfield; Georges River Road; and Homebush Road. I say to the House tonight: if, in my electorate of Lowe, there are seven Burwood Roads, how many other Burwood Roads are there in all the other electorates in Australia?

This report should be a very severe reality check for the Prime Minister, because for so long he has been telling us that the GST is better for small business. Frankly, all the impact of the GST is offering small business at the moment is an escape route through the tax avoidance industry or the unfortunate route of bankruptcy. Remember that the Prime Minister promised that everyone would be better off under the GST and that no small business would go to the wall. We have got six small businesses absolutely haemorrhaging today in the electorate of Lowe. We were told that the Income Tax Assessment Act would be smaller. We heard from the member for Rankin yesterday: Jack of the Beanstalk could not have climbed up the volumes of the Income Tax Assessment Act that he brought into the chamber. It is supposed to be easier. We were promised that there would be more jobs and less unemployment with the GST and that the black economy would disappear. The black economy is thriving in my electorate. We were told that the GST would not be a tax on a tax. It is a tax on a tax. We were promised that all the over-60s would get \$1,000. That is a broken promise. We were told that pensioners would get a four per cent increase without claw-back. We were told that health and education would be GST free, that the Australian dollar would be worth more, that nothing would go up by the full 10 per cent and that

petrol prices would not increase. This is a litany of broken promises and the consequences—

Opposition members—The milk levy.

Mr MURPHY—Yes, the milk levy—everything. Little wonder that the small business people in my electorate and throughout all the electorates in Australia are absolutely suffering at the moment because of the GST. The GST is a bad tax and it is bad for business. (*Time expired*)

Cement Industry

Mr McARTHUR (Corangamite) (2.04 a.m.)—I would like to raise the matter of dumping by countries on the Australian cement industry. It is a matter which members from both sides of this House are greatly concerned about. I raise this matter from a background of supporting the former Labor government back in 1989 when they were struggling with the same issue. At that time it was my view, and I think the view of the former government, that the cement industry was not efficient, was overmanned and was not internationally competitive. It is my view that the cement industry has improved dramatically, is now internationally competitive and is suffering from very unfair competition from other countries.

Both sides of the parliament have been having conversations and discussions with industry leaders from the cement industry. I have to say that, in relation to these problems, they have been fair and rational in their approach to members of the House. Put in very simple terms, the countries which are dumping cement into Australia do not have the same greenhouse environmental safeguards that Australia now imposes upon its cement industry. The small amount of import has a very big effect on Australian prices when, as honourable members would be aware, product from a foreign country is dumped at below the cost of production.

In the heartland of Corangamite, we have Blue Circle at Waurm Ponds. Blue Circle has three plants in New South Wales, along with the one at Waurm Ponds. Blue Circle has been very forward thinking in its use of alternative fuels which are environmentally

friendly, and 40 per cent of the fuel used at Waurm Ponds is from alternative sources: used tyres, waste oil and waste carbon dust. I have inspected that particular operation and have been impressed with the way these alternative fuels have been used. Waurm Ponds has a capacity of 500,000 tonnes of cement per annum. It is very capably managed by Max King. He is a very conscientious, hard-working and environmentally aware manager.

Mr Laurie Ferguson—It's going to be close in Corangamite in the election. Is that what you're telling us?

Mr McARTHUR—The shadow minister at the table ought to understand that. He is very environmentally aware. It is a large employer in the heartland of Corangamite. However, there is evidence that there has been dumping by the Chinese industry, and a Customs inquiry has been trying to establish this. The thing that worries members on both sides of this House is that Customs concluded last year that there was no dumping of Chinese cement in Australia. We have great difficulty in understanding that. The basis of that claim by Customs was that China was an economy in transition and there was no evidence that production had occurred below cost.

The industry strongly disputes this finding. Members from both sides of the parliament made a request to the former Minister for Justice and Customs, Senator Vanstone, and the current minister, Senator Ellison, to revisit this decision and inspect the evidence that has been put forward. Members are concerned that the guidelines need to be rewritten, because a legal challenge of the guidelines was made when there was a suggestion that this Chinese produced cement was being dumped. I am delighted that the current minister has given an undertaking that the cement dumping revaluation is back on track, and that Customs will now examine the proper accounting records and standards to ensure that the facts and data are presented before the inquiry.

Whilst I do take a low tariff position and a dry view of the economy, as most members

would be aware, I do think that on this particular occasion Customs need to give the cement manufacturers a fair go. They need to evaluate the propositions that are before them, they need to answer their correspondence, they need look at the evidence and they need to come forward with a finding so that the dumping of Chinese cement on the Australian cement market will not cause the material damage that is being alleged by the cement manufacturers. The cement manufacturers, as I said, have improved their efficiency, and I am very proud to support them. *(Time expired)*

Waterfront Reform: Productivity

Mr DANBY (Melbourne Ports) (2.09 a.m.)—In question time, we had a clueless performance by the Minister for Transport and Regional Services with his usual claims about the benefits of waterfront reform. The transport minister repeatedly claims that shippers, farmers and exporters have benefited from the government's waterfront reform, yet those directly involved in freight rate negotiations with shipping companies on behalf of exporters say that they have not received a cent of benefit. The main beneficiaries of the government's so-called waterfront reform are Lang Corporation, of which Patrick Stevedoring is a subsidiary. Lang Corporation's most recent six-monthly result for 2001 shows that operating profit after tax increased 25 per cent to \$29 million, that earnings per share increased 19 per cent to 18.5c, and that the company has over \$300 million cash on hand.

The share price of Lang Corporation (Patricks) currently stands at \$10.85. It was \$1.60 before the waterfront dispute that was engineered by the government in 1998. The minister for transport, by using Australian taxpayers' funds, has subsidised major stevedoring companies such as Patricks to the tune of hundreds of millions of dollars. That has been done by funding redundancy payments for nearly 50 per cent of the waterfront workers who left their jobs as a result of the government's engineered waterfront dispute.

In question time, the transport minister and Deputy Prime Minister, in response to an interjection from me, said, 'We will come to stevedoring charges in a minute.' Of course, an examination of his response shows that he did not come to stevedoring charges at all. It is no wonder that *Inside Canberra* says, 'Anderson clueless on ship freights,' and goes on to state:

Anderson appears to be abandoning attempts to pressure stevedoring companies to ensure the benefit of waterfront reform comes through lower freight rates. Three years ago and two months after Patrick wharves were forced from Webb Dock by private security personnel and guard dogs, Anderson says that because freight rates are commercial in confidence, he can't discover what's happening.

That is absolute nonsense. You simply need to call any importer or exporter, and they will tell you that the freight rates they are paying are the same as they paid before the dispute. The so-called benefits of micro-economic reform for which the government caused an enormous industrial dispute are absolute nonsense. Frank Beaufort, Executive Chairman of the Peak Shippers Association, a body that is involved in freight rate negotiations with shipping companies on behalf of exporters, said:

We have not got a cent from waterfront reform. We would not have got involved if we had known we would get nothing out of it.

On faster turnarounds—such evidence was cited by the minister in question time—being an advantage to shippers, Beaufort said:

The bigger ships are turning around faster and the shipping lines tell us because the terminals are turning the ships around faster, the shipping lines are having to pay more (to the stevedores) and to pass this on to exporters.

Ian Donges, President of the National Farmers Federation, said that waterfront reform, which the NFF backed totally, would lead to great benefits for farmers. He said:

We believe the level of productivity (on the waterfront) will enable more farmers to compete on an even keel for lucrative international markets. But we have to ensure that the savings from increased productivity flow on to farmers and other port users as soon as possible.

Those words are very significant, and the National Party, which presumably the Deputy Prime Minister and transport minister represents, should pay attention to them. I repeat what Mr Donges said:

... we have to ensure that the savings from increased productivity flow on to farmers and other port users as soon as possible.

In other words, they are not flowing on to farmers at all at the moment. The government needs to send the transport minister on a remedial economics 101 course. He obviously has no understanding of basic business or basic economics. Higher productivity on the waterfront has not led to a reduction in stevedoring costs. Members of the government can ring any exporter or importer, and they will tell them exactly that. It is absolute nonsense that rates are commercial-in-confidence. Because of the huge amount of money that the Australian government has put into it, the transport minister should be on the phone to Corrigan and to P&O every day, saying, 'Lower your rates and pass on the benefits of micro-economic reform to the Australian people.' (*Time expired*)

Law and Order

Mr LLOYD (Robertson) (2.14 a.m.)—Law and order is a concern to every Australia citizen—

Mr Jenkins—Mr Speaker, on a point of order: on this adjournment I believe that the honourable member for Robertson has already had a go.

Mr LLOYD—Mr Speaker, on the point of order: I do not believe that there is any standing order that prohibits a member from speaking twice on the adjournment.

Mr SPEAKER—The understanding under the standing orders—and I am in error in this instance, not having occupied the chair earlier in the adjournment—is that the member for Robertson can be called a second time but only if no other member rises. In this case the member for Scullin had risen and, because I was not here when the adjournment debate commenced, I was unaware that the member for Robertson had already been called. That call was therefore in error and it would be proper for me under

the standing orders to recognise the member for Scullin.

Mr Jenkins—Mr Speaker, can I use a standing order that is not yet in existence and cede to the honourable member for Throsby in this case.

Mr SPEAKER—I must indicate to the member for Scullin that I have already exercised a good deal more leniency than should be exercised. As the member for Scullin is aware better than anyone else presently in the chamber, I have denied the member for Robertson the call already extended to him and I now recognise the member for Scullin.

Environment

Mr JENKINS (Scullin) (2.16 a.m.)—In Wednesday's *Herald Sun* under the headline 'Murray Cod in Danger', there is an article on concerns for the long-term survival of the species the murray cod. In the article it indicated that there were at least six major threats to the murray cod. They include: habitat degradation, pollution such as cold water pollution caused when cool water is released, inadequate river flow patterns, human created barriers to fish migration such as dam walls, and the introduction of European carp into waterways. The article mentions a report that was put down by Professor Robert Kearney of the University of Canberra that fishing was also a major threat. I was interested that in the article there was a photo from the turn of the century where there was a whole line of cod that fishermen had caught in the Murray.

Also on Wednesday we debated in this place the [Environment Protection and Biodiversity Conservation Amendment \(Wildlife Protection\) Bill 2001](#) and, in a truncated debate, passed that bill. But the major point of that bill was that it fully implemented Australia's obligations under the Convention on International Trade in Endangered Species, the so-called CITES agreement. What is of interest about the CITES agreement is that there are 154 signatories to it, and when we look at those signatories we see the first is the United States of America, having signed that agreement some 26 years ago. It really brought home to me that when we are

obliged to put in place international agreements we can do so very quickly but on other occasions we have some difficulties as a country under the Howard government in being able to put in place our proper international obligations. In this case it is a pity that the concern of the Minister for the Environment and Heritage, Senator Hill, for international environment agreements such as CITES is not reflected also in his concern for the Kyoto agreement on greenhouse emissions.

The Kyoto agreement has become an inherent problem in the government's position on international treaties. Minister Hill has the difficulty of not being able to get his way in cabinet on this agreement and it really is a problem. Whilst we all urge people to think globally and act locally, the Kyoto treaty on climate change and greenhouse effects really requires us to have international effort. Geopolitical boundaries do not contain the problem. In fact, in the Kyoto discussions, Australia is in a position to give great leadership. Unfortunately, with the election of President Bush, it is apparent that the United States is not going to cooperate with the continuing discussions and is going to have to be dragged, kicking and screaming, back into the Kyoto discussions.

Tonight the honourable member for Corangamite, in a discussion about dumping in the cement industry, illustrated yet again that the cement industry is one industry that has undergone changes in environmental practices because of the need to prevent the greenhouse phenomenon. If we are going to do that, and if we are going to have some industrial and economic pain as a result of doing the right thing for the environment, we should ensure that countries like the United States do their bit. One of the things that we have to remember is that sustainable development of the globe will depend upon not only what actions we take to save the environment but also our ability in economic terms to provide sufficient resources to make the necessary changes. This is not a simple task; this is complicated. It requires Australia as a developed country to sit down, to progress the Kyoto process and to make sure that

we can put in place the exchanges and transfers of things that we need to in developing countries. (*Time expired*)

Health: Colour Blindness

Ms GAMBARO (Petrie) (2.21 a.m.)—I rise to speak about a product that will benefit some 800,000 Australians. The product is called the ColorMax lens. The lens offers hope for people with colour blindness or colour deficiency to finally view the full spectrum of colour. The ColorMax lens is a world first. The technology for the lens was developed over a 10-year period and included vision scientists from around the world. The lens works by using proprietary technologies to alter the retinal stimuli and colour wavelength transmission, enhancing the visible spectrum discrimination by the brain. There are three basic elements of colour: contrast, hue and saturation. While other colour enhancing products may only affect the contrast element, ColorMax lenses influence all three, permitting people with colour blindness to achieve real life results. ColorMax Technologies is an Australian owned and operated company. It is based on the Gold Coast and has a number of employees living in my electorate. They have had considerable success with many local clients.

The lens offers an opportunity for many colourblind people to experience a much broader and clearer colour spectrum. In Australia, around eight per cent of men and 0.5 per cent of women suffer from some form of colour blindness. People who suffer from colour blindness can be disadvantaged on many levels. They can be disadvantaged on a professional or vocational level. Colour blindness can inhibit a student's ability to grasp concepts, particularly where colour is used in the learning process. Colour blindness or colour deficiency can be either genetic or age acquired. Age acquired colour blindness can begin as early as 40 as a result of changes in the crystalline lens and retina. Clinically detectable abnormalities in colour blindness are prevalent in around 90 per cent of people aged over 65.

Australia is the only country in the world outside the US where these lenses are avail-

able. The ColorMax prescription can be simply added to a normal lens prescription and can also be made to order to suit all frames. In tests conducted on colourblind people who use the lens, over 95 per cent of users with properly prescribed lenses were able to pass the Ishihara colour vision plate test and the D-15 hue test. These tests determine the type of colour blindness but do not measure the severity of each of the colour deficiencies. To determine the severity of colour blindness, testing software generates a series of figures to identify a patient's colour deficiency classification and the severity of the colour deficiency. Once this has been established, a lens can be selected and the patient is given the opportunity to experience using the lenses under both real world and clinical conditions. One of the main benefits of these lenses is that they can provide greater visual acuity, contrast sensitivity and colour discrimination. Tests in the US have seen dramatic enhancements of colour vision for most patients. The US Food and Drug Administration is examining whether these lenses can assist people to overcome employment and licensing restrictions which are a consequence of colour blindness.

We live in a world that is increasingly digitalised and one that relies on visual mediums more than ever to sell, inform and educate. Australia is one of the top four nations in terms of households with an Internet connection. In 1999 six million Australians had access to the Internet with 75 per cent of these using it more than once a week. From mobile phones to irons and microwaves, we have become accustomed to the idea that red and green lights indicate whether something is on, ringing, cooked or ready to go. For people with colour blindness, the increasing reliance on coloured light indicators has created added difficulties both at home and in the workplace. The real advantage of the ColorMax lenses is that they permit more people to embrace technology and not feel intimidated by their colour blindness. The ColorMax technology and the ease of availability of these lenses will enable more Australians to experience the full spectrum of colour and to do so in a way that does not

isolate them as different. It opens up a range of employment and recreational pursuits that otherwise may have been missed. I welcome the benefits this Queensland company can deliver to some 800,000 Australians who suffer from colour blindness or deficiencies.

Member for Gilmore

Mr HOLLIS (Throsby) (2.26 a.m.)—As I face my last weeks in this place, one of the things that most saddens me is the lack of courtesy exhibited. When I was first elected in 1983, one of the things that was emphasised to me was that if you are going to attack a member opposite you do them the courtesy of alerting them. In the few times I have attacked a member opposite I have always followed this example. Another custom I have always followed is to be present in the chamber to listen to the speaker preceding me and then to stay to listen to the speaker who follows. So it was today: the member for Moreton preceded me in the debate on workplace relations and I was here for his speech. Then when the member for Hughes followed me I stayed for her speech.

While she was speaking, I got a message that the member for Gilmore had launched an attack on me in the Main Committee. Of course, following Liberal standards, the member for Gilmore had not informed me. Her speech was full of inaccuracies, showing that she had not researched what she was saying. I have never personally attacked the member for Gilmore. It is not my style. Also, I take the view that, as we are neighbours and I actually live in her electorate of Gilmore, we have to work together or cooperatively on many projects. In a speech last week, I did mention a staff member of the member for Gilmore, but not by name. It was a passing reference in response to a complaint I had. When the member asked me for the complainant's name, after checking with him I gave the name and phone number. I also quoted a column that the member had written in the *Illawarra Mercury*. I never raised my voice and in no way was I critical of the member for Gilmore. What I said was:

Recently, my neighbour and, as I said before, my local federal member—the member for Gil-

more—wrote an article in the *Illawarra Mercury* explaining the role of an MP. It was about how an MP should be a good listener and a good replier to correspondence, and how those members should be judged. In a letter to the editor of the *Illawarra Mercury* last Monday, Mr Ken O'Hara from Gerringong explained that the member for Gilmore also had an obligation to explain unpopular government policy.

That was all I said—hardly a vicious personal attack. But the member, like other Liberals, cannot take any hint of criticism. Like the Minister for Immigration and Multicultural Affairs or the Minister for Foreign Affairs, she overreacted to these comments and today lashed out not so much at me personally as at my staff. First of all she said I had missed out in the preselection. As I said earlier, I did not even stand for preselection. She said that my staff are now turning their attention and resources to a campaign against her, and she wondered how the people of Throsby feel about my office resources being turned over to the Labor candidate for Gilmore. She mentioned one of my staff, Gino Mandarino, who happens to be the campaign director for the Labor candidate for Gilmore. This is his right: he can do what he likes when he is not in my office where he does his work. The member also wondered how the people of Throsby felt about the service they are paying for and not getting. She said that she feels that the people of Throsby are: ... being ripped off by their own member.

Mr Hollis's staffer spends much time writing letters to the newspapers and putting out press releases against me ...

And she goes on in this vein. The point I want to make is that people can come here and attack me as much as they like, but they do not attack my staff. I have the ability to come in here and answer criticisms; my staff do not have that. I think it is quite unforgivable for members to name my staff for doing something that it is their right to do. They do not do this in my office; my office resources are not used. No matter what my staff do in their own time, no matter what letters they write or if they want to be a campaign director for anyone, it is their right to do that.

She also said that my staff write my speeches. I take particular offence to that. I write my own speeches. I know that the member for Gilmore is under pressure, but she does herself no real credit in attacking me or my staff, who cannot reply as I can in this place. If she has decided to go down this line, she will be met with a vengeance. As I said, anyone can attack me here—I can stand up and give as good as I get—but you do not come in here and attack a member's staff by name. They do not have the same ability to respond. I have never attacked any person on the member for Gilmore's staff, let alone named them in this place. I have never named anyone's staff in this place, and I resent it very much when my staff are slurred in this way in this chamber.

Indi Electorate: Mount Beauty Timbers

Mr LIEBERMAN (Indi) (2.31 a.m.)—This morning, I would like to talk about a happy outcome in relation to a small, family owned company in Mount Beauty, one of the most beautiful parts of my electorate, at the foot of Falls Creek. Mount Beauty Timbers is run by the Addinsall family—a highly respected family—which has conducted an operation there for many years. They employ about 60 people in Mount Beauty. In fact, Mount Beauty Timbers is the largest single employer in that community. With the regional forest process, the Victorian government has decided that certain areas of timber reserves that were anticipated to be available to Mount Beauty Timbers, so that they could keep their production, would no longer be available and would be put in permanent reserve. The state government offered other resources to Mount Beauty Timbers, but those resources are smaller diameter trees that will require an almost complete refitting and rejigging of all the machinery in the mill at Mount Beauty. The cost of that is beyond the means of the small family company. At one stage, it looked as if the whole industry would go and the jobs would be lost. There are few alternative jobs in that area for those people.

I am happy to say that the Minister for Forestry and Conservation, Mr Wilson Tuckey, has visited that area and has spent a

lot of time, as well as having experts working with the Victorian government, and as a result of decisions being made by the Victorian state government and the federal government, there is now an amount of money being made available under the forest industry restructure fund. I think the Commonwealth government's contribution is about \$900,000-odd and the state's contribution is a little less than that. The company has been able to find finance for the remaining part of the total rebuilding and rejigging of its equipment. I am happy to say that, despite getting very close to losing that industry and those jobs, it now has a future and the workers there will have jobs in that region. It is not easy to find replacement jobs—let me assure members of that. I would like to sincerely thank the minister, Wilson Tuckey, his advisers and staff, and the officers of the department for their attention, hard work and patience in negotiating with the Victorian government to achieve this outcome.

One of the future strengths of Australia no doubt is the further development of the timber industry in a sustainable, responsible way to one day hopefully replace timber imports into Australia. From memory, about 60 per cent of Australia's timber requirements are imported from other countries. As we know, sadly some of those timbers come from Third World countries, from rainforests and the like, and we cannot afford to lose those trees. One of the great challenges for us in Australia is to encourage farmers and others to develop plantations, to develop, foster and nurture the industry, and to keep the skills up. We have some wonderful people who have worked in the industry for years, as did many of their fathers and grandfathers before them.

Replacing imports can be done. If we do replace imports, we will thus enrich the economy of Australia. We can provide permanent jobs and value add. In Wangaratta, there is a company called Dominance Industries where \$100 million has been spent on a high-tech factory. They are using timber wastes for a revolutionary pressed board which looks like the finest timber you could ever find. It is now being used in high qual-

ity furniture, office partitions and the like and is being exported to American markets—the most competitive in the world. It has provided 100 jobs for people in Wangaratta. (*Time expired*)

Deane, Sir William

Clancy, Cardinal

Cooper, Ms Valerie

Mr MOSSFIELD (Greenway) (2.36 a.m.)—Yesterday we farewelled the Governor-General. We all appreciate—the Prime Minister and the Leader of the Opposition spoke in glowing terms—the great job that the Governor-General had done, particularly in the way he had tackled social issues but did not necessarily raise them in the political sense. Aboriginal reconciliation was one issue and there were many others. I place on record my appreciation of the work the Governor-General has done. I also draw to the attention of the House another person of similar vein who has recently retired, that is, the Catholic Archbishop of Sydney, Cardinal Clancy. He was another person who worked quietly behind the scenes for issues he felt strongly about. I mention him in particular because he comes from the area I come from in Western Sydney—Richmond. He was the parish priest at Blacktown, where I also go. I am very appreciative of the work he did. Cardinal Clancy occupied a similar position, I believe, to William Deane.

In referring to local people, I would like to refer to a local newspaper article relating to Valerie Cooper, who was recently awarded the Order of Australia. I would also like to place on record my appreciation for the local newspapers in the area which provide a lot of news for the area of Western Sydney that I come from—that is, the *Blacktown Advocate*, the *Fairfax Sun* and this particular paper, the *Weekender*. We do not have a specific television station covering the area, although that is needed. We do not really have a radio station covering the area, although a number of commercial radio stations give some prominence to the area. So we rely quite extensively on our local newspapers. In this adjournment speech, I would like to place on record my appreciation of the local newspa-

pers. In order to enable the House to appreciate the work Valerie has done, I will read the following extract:

Last Monday, as part of the Queen's Birthday celebrations, Valerie was awarded this medal for her service to the community through the Blacktown Community Aid and Information Service and the Youth Accommodation Service. Valerie was nominated for this honour by the other volunteers at these organisations. She said, 'I accept this award humbly on behalf of the other volunteers I have worked for.'

Valerie has been the treasurer of the Youth Accommodation Service for 15 years and the coordinator of Blacktown Community Aid for 22 years. When she first began at Community Aid, she held a paid position until 1985, when the position was changed to volunteer. Valerie decided to stay on as a volunteer, working six hours a day, four days a week, without pay. She said, 'I enjoy what I do and I am passionate about my work.'

Community Aid is a welfare support centre that provides counselling and all types of welfare relief. All of the counselling is provided by Valerie herself. 'We have touched a lot of people's lives and helped them through tough times,' said Valerie.

Social work has always been the root of Valerie's life. She has even travelled to New Zealand and England for more experience in the field. Now Valerie hopes to do the same for university and TAFE students by providing them with field experience at Blacktown Community Aid.

I congratulate Valerie on her Order of Australia.

Cook Electorate: Kurnell Peninsula

Mr BAIRD (Cook) (2.41 a.m.)—I am glad to rise tonight to talk about a significant event in my electorate this week: advice from the special review under DUAP's province of the Kurnell Peninsula area in relation to an Australand proposal for housing. The local residents were extremely concerned about this proposal. It represented 500-odd housing sites to be developed. That region is very environmentally sensitive, being close to the sandhills of the peninsula. That region is also a Ramsar site for the migratory birds that come from Siberia and Japan. It is home to the green bell frog, which is located in the various lakes in the region.

Australand have held the site for some time. They put forward proposals to the council that it should be developed for housing. The council rejected the application and decided that the area was too environmentally sensitive for the proposal to go ahead. The state government took over the planning of the site on the basis that it was a significant area and should be evaluated by a consultant, with the overall responsibility going to DUAP. The study has been completed by the committee and all the local residents have had input to the study, including the council and environmental groups.

The residents of my electorate were very disappointed when they were given an oral briefing this week that they will be recommending that the proposal goes ahead. The headline in the *St George and Sutherland Shire Leader* reflects the general view that the residents were shocked by this proposal. This is one of the most environmentally sensitive areas in the Sydney basin, an area that is still undeveloped, which is also under the flight path from Sydney airport. It is very difficult to understand. It is interesting that the person working for the consultant for Australand on the proposal is none other than Trish Oakley, who was on the staff of Minister Refshauge. In fact, there is nothing unusual about these arrangements. But the minister took the proposal away from the council. Australand are in there with a consultancy firm which was headed up by his former staffer.

Australand paid for the study to be undertaken. Not surprisingly, the survey has come up with the result that the housing proposal should go ahead. People are simply devastated by this. I undertook a survey of the residents. One hundred and forty-four surveys were received back from Kurnell residents and 248 came back from North Cronulla, giving a total sample of 392 residents. Over 90 per cent were totally opposed to this development and believe that we as a government should be looking at not only restoring this area but also making it part of a national park program. We have the heritage site in Kurnell, we have this pristine, envi-

ronmentally sensitive area, and I think it is about time that all levels of government recognise their responsibility to this site and dedicate it as a national park. *(Time expired)*

Goods and Services Tax: Small Business and Community Groups

Mr BYRNE (Holt) (2.46 a.m.)—It is good to have the opportunity to speak, particularly at this time of morning. I particularly want to speak about the 12-month anniversary of the GST. It was mentioned a couple of times yesterday in question time. There are two points I want to touch on: one is its effect on small business and the other one is its pernicious effects, extending to a point that I will discuss fairly shortly. I attempted to table a document yesterday in question time with respect to Mr Michael Ferguson's assessments of the GST's effect on small business. He was saying that it was throttling small business. The Prime Minister, for whatever reason, refused to allow me to table it. So, for the Prime Minister's edification, I thought I would read a few more snippets of information from Mr Ferguson about the effect of the GST on his particular small business.

As I touched on during question time, he stated quite unequivocally that the GST had been a debacle for small business and that he had never realised the GST would change his life so much. He also reiterated that he was hit with double taxation because of an overlap between the tax systems, that there were long delays in getting refunds from the Taxation Office which choked his cash flow, and that the GST crunched used car prices, driving many dealers out of the business. He also spoke about the much hated business activity statement and discussed where it had actually punctured profit margins, created a credit squeeze and reduced turnover. 'It was designed by bureaucrats for big business,' he said. That was his perspective of the GST. As I mentioned in question time, he finished off by saying:

... it won't cut out the black economy—it has just given the tax cheats an extra 10 per cent.

As I said, the GST has had a ripple effect. Some people have mentioned hands going in

pockets, but it even ripples along to charities that are doing good works for bodies overseas. I would like to mention a specific example, the Dandenong Rotary Club, and a particular individual, Ron Mundy, and relate his experiences with respect to the GST. Ron is president of the club. About 18 months ago Ron visited a village called Yenkenai which is just near the Irian Jaya border in Papua New Guinea. Mr Mundy was shown pictures of a girl called Jerroni who had suffered burns to about 70 per cent of her body. Many children in Papua New Guinea die or suffer severe burns each year through the use of unsafe lighting methods. Due to the level of poverty, lighting for villages is provided by kerosene poured into a tin, dry woods, dry coconut shells, bark or whatever else happens to be around. Jerroni was burned through the use of kerosene in a tin. Mr Mundy decided that the Dandenong Rotarians would get involved and provide kerosene lanterns. Before the introduction of the GST, the group sent 180 lamps tax free because they were registered as a charity and they were exporting the items.

It was after 30 June last year that the fun began. The Dandenong Rotary Club only turn over about \$20,000 per annum. They pay GST on meals and other items they purchase, but find it difficult to see why they should have to pay tax on the kerosene lanterns. Why should they need to register and undertake all the paperwork just so they can undertake charitable activities tax free? The Papua New Guinea government had a 200 per cent import duty which they removed in this particular instance so that this charitable work could be undertaken, but our tax office said that there was nothing that could be done. The club have recently purchased another 200 lamps to send across. In total they cost \$2,142, the actual unit cost of each item being \$10.50. The GST tax is \$214, which is the cost of another 20 lamps. The club do not mind paying the GST on food, et cetera for their own use, but they regard paying it on charitable activities as insulting. What sort of country do we live in where the activities of a charitable organisation are taxed in this way?

As I have said before, many children in Papua New Guinea die from or suffer severe burns each year through the use of unsafe lighting methods. The club's activity was a good, productive one that enhanced international relations and provided a much needed facility. And what do the Dandenong Rotarians get for trying to provide this service? They get slugged a 10 per cent tax, a tax that will actually cost them money, and they will not be able to send those lamps over to this particular country. I have seen some pernicious effects of tax in my time and I have seen the pernicious effects of this tax on small business, but you would have to live a long time in a lot of other countries to see something as atrocious as a tax that actually prevents a lifesaving kerosene lantern going to another country. (*Time expired*)

Dairy Regional Assistance Program

Mr NAIRN (Eden-Monaro) (2.51 a.m.)—I want to speak this morning on further progress on the Dairy Regional Assistance Program. We have seen some significant assistance for dairy farmers following the deregulation of the dairy industry by all of the state governments, who ran a quota system and benefited from that system, inasmuch as every time a farmer traded in quota, stamp duty was paid to them on that quota. So there is no question that the whole dairy regulation aspect was the domain of the state governments. We know that deregulation took place as of 1 July last year. Fortunately, the federal government has been providing some significant assistance to dairy farmers to readjust to a deregulated market.

Down in my area of Eden-Monaro, particularly in the Bega Valley and the Eurobodalla shire areas, some great assistance has certainly been provided to those dairy farmers to adjust to a new market situation where there is no different price for market milk as opposed to manufacturing milk. When you think about it, effectively the milk was the same whether it was used for fresh milk purposes or for manufacturing purposes, but there was a guaranteed price if it went to fresh milk purposes.

So the state governments deregulated the industry and fortunately the federal government came along and helped out with the transformation into a new system. But in more recent times the federal government has provided additional assistance, and in the last 24 hours we have had in the parliament the additional legislation to give that assistance to dairy farmers, particularly those dairy farmers that relied predominantly upon market milk, the ones that have seen the biggest drop in their income. And that assistance has been well received—an extra \$119 million in basic market milk payments, \$20 million to people who, because of extraordinary circumstances, were excluded or whose entitlements were significantly lower than normal under the original dairy structural adjustment program, and an additional \$20 million for the Dairy Regional Assistance Program.

That has certainly been of great assistance to my area. Bega Cheese has benefited from the Dairy Regional Assistance Program by over \$660,000. I was talking to the Bega Cheese people in the last two days and was told that that money went towards the establishment of a shredded cheese line which became operational last week. It involves the employment of an additional 12 employees, which will increase by another 10 people over the next six months. That has been a great boost for the region. It has created additional jobs in a manufacturing area which you would not normally classify as manufacturing.

It was interesting that that took place in the same week that the AMWU were out there with a totally political campaign about the so-called loss of jobs. We had never heard of the AMWU in my region, but they have decided to run some sort of campaign, and the very week they are running a campaign, additional jobs are going into what is, in effect, manufacturing—not the traditional AMWU manufacturing areas, but as part of the growth in dairying. That is terrific and it means additional jobs. I think that there will be more jobs to be had in that area now that Bega Cheese has reached an agreement with Bonlac and the New Zealand Dairy Board,

and we are looking at something like another 150 to 200 jobs in further manufacturing projects over the next 12 months. That is great for the region. It has really grown the dairy industry in the Bega Valley. (*Time expired*)

Goods and Services Tax: St Clair Junior Rugby League Club

Mrs CROSIO (Prospect) (2.56 a.m.)—It will be 1 July 2001 on Sunday and the government is going to go out there and hoorah hoorah the 12-month anniversary of having a GST in this country. I do not believe that government frontbench members, the executive government or the backbenchers understand or appreciate how the GST has affected communities. The member for Lindsay, the Minister for Sport and Tourism, was in the House just 10 minutes ago. I wish she had stayed, because I have just received a letter which I would like to read into the *Hansard* record, even though, as I say to Mr Borg, it is five to three in the morning on 29 June. The St Clair Junior Rugby League Club wrote to me and stated:

Dear Mrs Crosio

My name is Bill Borg and I am the Secretary of St Clair Junior Rugby League Club. We have a total of 42 sides with 640 players playing Junior League in the Penrith District. St Clair is not a rich club as such, as we rely on donations, sponsorship and fundraising to make ends meet. As you would be aware for a club, St Clair JRLC is one of the largest Junior Rugby League Clubs in the world, it does take a lot of money to make ends meet. Items like jerseys, ground rental, telephone and electricity, referees' fees and medical supplies plus many more costs take a lot of funding, organisation and management, all with a volunteer effort.

The reason for my letter is the problem of GST. This GST is going to kill the sporting clubs. Every raffle we hold 10% is being taken out of the profit. We cannot sell raffle tickets for \$1.10 which is with GST, due to the administration of it. So we sell them for \$1.00 we are now only getting 90 cents with the other 10 cents going to the Tax Office. This is all out of our profits. On most items like meat trays there is no tax credits to be taken so the club loses big time.

We ask people for a \$2.00 donation at the gate to come and watch Sunday Football. Out of this

donation we have to hand in 20 cents to the Tax Office. This list goes on and on with every bit of fundraising that we do.

I am sure that the GST was never meant to cripple non profit organisations like ours but alas it has. Only last week we had to send in a cheque for over \$4,000.

What ways can you see that this Government is likely to help a sporting club like ours over this GST. This is a club that is run totally by volunteers. All we want to do is provide a sport for the kids in our area. We were never meant to be tax collectors on behalf of the government. Besides the loss of revenue, we are also spending more time away from our families to make sure that all our paperwork and obligations are being complied with for the GST. This is just another burden which I am sure was not meant to be put onto us. We also consider this an additional burden for families to bear if we raise the cost of every little thing that we do.

What advice and assistance and relief can we see from this government to ease this burden and help us keep our heads above water?

Bill Borg

Secretary St Clair JLFC

That is a very genuine letter and a letter that I do not believe could be spelt out any clearer than the way that this man, in desperation, has put pen to paper. He is a volunteer who works for the kids in the St Clair area, which is presently still in the electorate of the member for Lindsay. I am proud to say that I will be taking that area over at the next election as a result of the change in the boundaries. I can assure them that I will be working damned hard to ensure that the effect and the cost of the work that they do are acknowledged, and that some help is provided.

I can say to Mr Borg and to his club, and to all parents and other people who belong to it: we know what the GST is doing in this community. We know that the Prime Minister of this country, the Hon. John Howard, the member for Bennelong, promised that everyone would be better off, and they are not. We know that no small businesses will be better off, and that they are even going to the wall. We were promised that the tax act would be smaller, and we know it is not. We were promised there would be more jobs and

less unemployment. Mr Borg, we know that is not the case. We were told the black economy would disappear, and we know it has not. We were told the GST would not be a tax on a tax, and we know it is. We were told that all those over 60 would get that \$1,000, and we know they did not. We were told that pensioners would get a four per cent increase, without clawback, and we know they have not. We were told that health and education would be GST free, and we know they are not. We were told the Australian dollar would be worth more, and we know it is not. We were told nothing would go up by the full 10 per cent. And we know that petrol prices, which affect parents who have to drive their kids to football games all round the community, are absolutely exorbitant.

I say to the St Clair Junior Rugby League Club: we on the Labor side acknowledge exactly what you are going through. We always said when we campaigned against the GST that it would affect communities such as these, that it would hurt those people who can least afford it. But, more particularly, it is outrageous for a junior club, where people are working in a voluntary capacity to look after the children of the families in the area, to be taxed like this. I believe it is about time that the government and its backbenchers acknowledge what the real world out there is all about. I can tell Mr Borg and his club, here at 3 o'clock in the morning, that I have put his request—(*Time expired*)

Drugs: Methadone

Mr CADMAN (Mitchell) (3.01 a.m.)—The issue I want to raise is the problem of drug abuse in Australia. I have received some interesting information from Mr Bill O'Grady, who is Vice-President of the Fairfield Chamber of Commerce and a former pharmacist in the area.

Mrs Crosio—Phill—P-h-i-l-l. He lives in Strathfield.

Mr CADMAN—I do not want to get into the local politics of Cabramatta so much as to deal with Mr O'Grady's professional assessment, having worked in that area for many years, of the drug programs.

Mrs Crosio—He is a pharmacist.

Mr CADMAN—Yes, he is a pharmacist. Mr O'Grady has said that Australia is the methadone world champion. He is not very proud of the record that we have and he is not convinced that we are adopting the right tactics to deal with the drug problem. As a pharmacist in an area where there has been much press comment about the drug trade and drug abuse, Mr O'Grady has had the opportunity to observe the methadone treatment program at first hand. He says that Australia has the equal highest rate of use of methadone in the world. The New South Wales rate of use is 50 per cent higher than the average Australian use. Our methadone program will expand by 50 per cent because, he says, the New South Wales drug summit held two years ago encouraged the use of methadone as one of the techniques to control the use of hard, addictive drugs. Methadone is used to wean people off heroin, and yet there has been a continual expansion in the use of heroin and methadone. Mr O'Grady says the programs have not worked and that it is difficult to see why other harm minimisation strategies, such as needle exchange programs and drug cautioning systems, will have any impact on the growth of illicit drugs.

Mrs Irwin—What did Cabramatta get—\$76,000 out of \$50 million?

Mr CADMAN—If you want to make an intelligent contribution, it is about time you started. The real concern is that children being able to carry twice the amount of illicit drugs compared with adults takes advantage of the laws in New South Wales. I think the suggestions he makes are worthy of consideration and I would like the House to really apply its mind to helping solve these problems. The fact of the matter is the government has instigated massive programs, something the previous government did not do—but I am not raising that tonight as a matter of criticism. I think a range of techniques is needed, and Mr O'Grady offers some thoughts.

He suggests a dramatic expansion in detoxification and rehabilitation programs. You have only got to talk to parents to know how difficult it is to have any young person gain

entry to a detoxification program. Sometimes they have to wait weeks—six weeks, eight weeks; sometimes there is no longer a life or future for them by the time they get there. So detoxification is a critical program, but it must be followed by appropriate rehabilitation programs.

Mr O'Grady believes that there should be rigorous enforcement to cut the supply of illegal drugs and that drug dealing should become a priority crime. He also says that there should be a written instruction from the Commissioner of Police to every area commander in New South Wales, revoking his December 1998 decree that left drug dealing out of priority crime categories. I do not know whether or not that is right; I assume that it is.

Mr O'Grady also advocates objective policy evaluation which would compare the results of shooting galleries with the results from Naltrexone, the Bridge Program and Odyssey House. Let us line them up, properly evaluate them, see where the results are and then back those programs that are achieving results. He urges continuation of the federal government's drug awareness campaign with fresh advertising and truthful information about the impact of drugs, and recommends federal funding to implement an anti-marijuana-smoking message equal in intensity to the anti-tobacco campaign. I believe that that is probably right, too. Mr O'Grady also advocates a full implementation of clause 3.9 of the New South Wales drug summit recommendations with regard to quality assurance of the methadone treatment program. I believe that that is a very thoughtful contribution from somebody who is both professionally and experientially qualified to offer some serious comments about illicit drug use in Australia.

Israel and Palestine

Mr LEO McLEAY (Watson) (3.06 a.m.)—I seek leave to table a petition from 1,088 Australian citizens lamenting the failure of the state of Israel to honour UN resolutions and its obligations to the Palestinian people. I have sought the permission of the minister and he has no objections.

Leave granted.

Mr LEO McLEAY—It is unfortunate that 1,088 Australian citizens have to petition this parliament to try to get justice for their friends and relations in Palestine. Every night we watch the news, and at least once or twice—and sometimes three or four times—a week there are horrific stories about what is happening in Israel and Palestine. The intifadas that started in September last year—the second round—have caused terrible grief to people on both sides. There are many stories about them in the news media in Australia, but most of them make the point for the Israeli side. It is unfortunate that the mass media in Australia do not carry too many stories about the Palestinian side and the effects on the Palestinian people of the Israeli attacks against them. It really is a one-sided affair. The state of Israel is a modern, mechanised, military state. It has certainly the most effective army in the Middle East. The Palestinian people have a police force with light weapons and no armoured vehicles, no air force. We saw terrible pictures in the news and on the television recently when the Israelis used F16 jet fighters to attack Palestinian sites.

What is the human dimension to this with the Palestinian people? I would like the House to get abreast of some statistics tonight. Since September last year—in less than a year—over 520 Palestinians have been killed; 188 of those were children under 18 years of age, with the youngest a four-month-old child. We saw the latest round of this tit-for-tat murder recently when a Palestinian man that the Israelis said was a terrorist answered a public phone; the phone blew up and he was killed. Two children were wounded; those children were just innocent bystanders but they will carry the effect of that for the rest of their lives. We have seen 23,000 Palestinians wounded like this. In a year, 23,000 people have been wounded. I think there are only about three million people in Palestine, and 23,000 of them have been wounded; 42 per cent of the wounded were children under the age of 18. This is a war against children. These children are not being put in harm's way; they just happen to be the innocent bystanders. Ten per cent of

those people who have been wounded have been permanently crippled by their injuries—that is 2,300 people who, for the rest of their lives, will carry this terrible problem with them.

Ninety-six paramedics have been shot while attempting to help the injured. We were all horrified by that television image we saw less than a year ago of the Palestinian paramedic who was trying to protect a child and was shot. Forty-four journalists have been shot during their attempts to cover the crisis; 44 people who want to report this story to the world have been shot. There have been lots and lots of arrests. Over 1,000 Palestinians have been arrested, bringing the number of Palestinians who are in Israeli jails for political crimes to 4,500 people. From the start of the intifada until April this year, 250 children were arrested, of whom 120 are still in prison—children in jails. The infrastructure in the Palestinian part of the country has been destroyed. Homes have been bombed. It is disgraceful and it is unfair. (*Time expired*)

Member for Farrer

Senator Herron

Member for Wentworth

Mr ROSS CAMERON (Parramatta) (3.11 a.m.)—I want to take the opportunity which this extended adjournment provides to pay a short tribute to three of my colleagues. The first of those is Tim Fischer, the member for Farrer, who was elected to the New South Wales parliament in 1971 and served there until 1984 before his arrival in this place. He will not be joining us after the next election, whenever that may occur. The member for Farrer, as we all know, rose to lead the National Party, to be the Minister for Trade and the Deputy Prime Minister. His various public accomplishments are well known, but it is really his human qualities that I want to touch on briefly. Virtually everyone who has spent any time with Tim can tell a story, in particular, of his commitment to colleagues. One of the things I love about Tim is that whenever he does a media interview he always takes the opportunity to commend one of his colleagues. All of us can become a bit

preoccupied with ourselves in this place, but that self-absorption is something that Tim never succumbed to in spite of the high office to which he rose. He has been offered an absolute multitude of appointments, both public and private, much to his wife's dismay. He is a great man and a great Australian, and he will be very sadly missed.

Mr Tim Fischer—I'm not dead!

Mr ROSS CAMERON—We are very pleased to hear it. I am glad that he has returned to the chamber. This short contribution was inspired by the headline I read in today's *Daily Telegraph* on the Internet, which reports Tim is taking money from anyone who is prepared to bet that this parliament will, in fact, return before the next election. Tim, these few remarks are dedicated to you and also to my colleague in the other place Senator John Herron.

I regard Senator Herron as an underappreciated member of this place. He was elected in 1990 from Queensland, having been the President of the Australian Medical Association and the senior surgeon of the Mater Public Hospital for many years. Aside from having a vast brood of children, he rides a Harley Davidson, he was a Queensland squash champion and he served in a humanitarian medical capacity in Rwanda for some time. I recall the fact that, when we recently had 220 young Australians here to talk about leadership, they were addressed by all the luminaries in this place but John was the one who really connected with these young Australians and inspired them. I was deeply impressed with his capacity to bring to bear his life experience in a way that was not patronising, in a way that was motivating and inspiring to these young Australians. I have greatly appreciated my contact with him.

Finally, a colleague who will not be returning is the member for Wentworth, who is, some might say, slightly eccentric but is truly a gentleman. He is perhaps more of a 19th century style of politician than many of his colleagues in that he is a person who places great store on faithfulness to friends. He is a very generous person. He has a mar-

vellous sense of humour, which keeps all of us on the back bench going through dull question times. He is going on to do a master's degree in international law at Georgetown University. The gain to Georgetown will be the loss to this parliament. I want to thank him for his contribution here and also to me personally.

Environment: Funding

Mrs IRWIN (Fowler) (3.16 a.m.)—The member for Parramatta forgot to mention himself in that list, because he will not be back here after the next federal election. We have a very hardworking Labor candidate in his electorate by the name of David Borger, and I am looking forward to sitting beside him when he arrives down here in the federal parliament.

There are times when you have to wonder just how thick a hide some government members have got. We have seen dozens of claims about what the next Labor government will or will not do. But a recent claim by New South Wales Senator Marise Payne really takes the cake. Senator Payne sent out a press release saying that Labor opposed the Natural Heritage Trust and would axe funding for local environment groups, while the Liberal government had committed an extra \$1 billion to the trust. How much of that \$1 billion was going to my electorate of Fowler? Let me give you the exact figure: \$37,995, to be precise. According to the Auditor-General, that compares with an average of over \$1 million for each government held seat. Keep that in mind for a moment, because I want to come back to that figure.

I do not want to sound ungrateful for the funds received. Indeed, the Elouera Nature Reserve is a most worthwhile project. Through its chairman, Neil Rogers, and a dedicated team of volunteers, good progress has been made in repairing creek banks and controlling weeds in the 77-hectare reserve which runs along Cabramatta Creek from Liverpool to Miller. It is a project deserving of government support at any time. Creeks and their environment are the most significant feature of the Fowler electorate.

The Cabragal clan of the Dharug tribe takes its name from the Cabra grub found along the course of Cabramatta Creek. Governor Arthur Phillip remarked on the creeks when he viewed them from Prospect Hill in 1790. The oldest bridge on the mainland still carries the Hume Highway over Prospect Creek at Lansdowne. In recognition of their significance, Fairfield City Council recently held a cultural festival under the theme of 'Five Creeks': Prospect Creek, Orphan School Creek, Clear Paddock Creek, Green Valley Creek and Cabramatta Creek. They are as much a part of the landscape of south-western Sydney as the Harbour Bridge is to other parts.

But creeks are not always quiet sanctuaries for bird life. In an urban environment, during storms they can become a very deadly and devastating force. Most recently in 1986 and again in 1988, those same quiet creeks caused millions of dollars damage to homes in the area. If you had the experience, as I did in 1988, of helping with evacuations and later helping with the clean-up, you would not look at those creeks in quite the same way and you would stay committed to funding projects to reduce the risk of flooding in that creek system.

That brings me to that figure of \$1 million which goes to government held seats that I mentioned earlier. Until this government came to office in 1996, in a joint Commonwealth, state and local government program, major flood works were carried out in the catchments of the five creeks. In each year, Fairfield City Council contributed \$500,000, the New South Wales government contributed \$1 million and the Commonwealth government contributed \$1 million. But what happened when this government came to office in 1996? In the words of Senator Payne, it 'axed the funding'. It has now been six years since the funding was axed. That is \$6 million that has not been spent on the building of flood basins or the raising of homes above the flood level. Fairfield City Council has continued its contribution and the New South Wales government has continued to contribute, but where is the Commonwealth's government's share?

What do the people of Fowler get in place of the missing \$6 million? They get \$37,995, and Senator Payne has the hide to suggest that funding for local environment groups is at risk. She has got a hide like an elephant. It is too bad she does not have the memory like one. She might realise what a fool she makes of herself whenever she announces a grant which gives back a pittance in funding, when this government has robbed south-western Sydney of the funds needed to deal with the most important environmental issue. I assure Senator Payne that the voters of south-western Sydney will not forget who it was that axed the funding for flood works and they will remember that at the ballot box. (*Time expired*)

Transport: Railways

Mr TIM FISCHER (*Farrer*) (3.21 a.m.)—At the outset I would like to assure the House that I am not dead. I am feeling half-dead, but I heard sort of obituary sounding noises coming down my monitor in my room and I turned the sound up and I thought, ‘What’s happened?’ I thought I had better come into the House and put that on the record, but I do thank the member for Parramatta for his kind remarks.

On this night a week ago—it was a little earlier than 3.30 in the morning, however—we were at the Parramatta Town Hall for the very successful recognition of volunteers. Previously I have been to the Parramatta Railway Station with the member for Parramatta. We have been associated with the Paralympics and other activities together, and I have enjoyed them. That leads into the comments I want to make briefly tonight, which takes me back to my maiden speech in this parliament and my maiden speech in the New South Wales parliament. People will not be surprised to know that it deals with the matter of transport and rail.

There is a great role for rail in the 21st century. We will live to regret the amount of rail track that was ripped up in this country in the 20th century. There were many mistakes made over many years by governments of all persuasions and by rail administrators, who were more often than not beyond the

reach and scrutiny of government and parliament. Now things are changing. The role and culture of rail have moved on from yesterday. It is an exciting new culture of effective competition which is winning freight back from road to rail and is also encouraging intermodal use of road and rail. I do not think we have seen anything yet in terms of the uptake of tonnage to rail. Last month saw BHP run a world record iron ore train in the Pilbara; it was some 90,000 tonnes, had eight engines and was 7.4 kilometres long or thereabouts. It proved that on standard gauge, when properly operated, you can achieve huge greenhouse benefits by unit train loads of a particular commodity.

Equally, FCL at Parkes and Blayney—in the electorate of my good friend and colleague the member for Parkes—has doubled its tonnage for intermodal operation out of Goobang junction at Parkes, particularly on the western corridor from Parkes to Perth. As the Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson, said a few days ago, on that corridor now up to 78 per cent of the freight going across the Nullarbor is going by rail on competitive merit. Considerable other improvements are being made and freight rates are coming down. One of the flip sides of the much criticised competition policy is the very fact that export container rates from Leeton to the port of Botany and many other destinations across the country have been reduced in recent times. Above all else, this has been facilitated by the government’s new tax package, which has seen \$166 million paid to rail operators since 1 July last year, when the tax package was introduced and we had the complete removal of excise on diesel fuel for rail.

We now await the turning of the sod by the Prime Minister, the Premier of South Australia and the Chief Minister at Alice Springs in the middle of July this year. I redeclare an interest already detailed, but I believe the Adelaide-Alice Springs-Darwin railway line is an exciting project. It is now going to happen. It is now going to be built, and preliminary construction—moulding of sleepers and the like—has already com-

menced. It will fulfil a vital role in providing an additional export connection to Asia. On top of that, there will be an added dimension to tourism rail and international tourism rail, which is drawing more inbound tourists to Australia in a significant way.

There is a grand future for efficient and effective rail operation right across Australia, notwithstanding the fact that we still have five different operating gauges in this country. I commend the steps taken by the federal government to help facilitate that, particularly in the last five years. I look forward to riding the first train to Darwin sooner rather than later. Again, I take this opportunity to thank my colleagues and so many others for the privilege of having served in this parliament over the years and for however much longer I have the privilege of serving here.

Superannuation: Same-Sex Couples

Mr ALBANESE (Grayndler) (3.26 a.m.)—I wish this morning to raise the need for support for my private member's bill, the [Superannuation \(Entitlements of same-sex couples\) Bill 2001](#). I want to raise the three positions being held by the political forces in this parliament and in this country.

The first position is that held by the government, and that is due to the Prime Minister. It is not necessarily due to the members of his party and the National Party; it is because the Prime Minister is opposed to reform. He is opposed to equal rights for same-sex couples, and that is why the superannuation entitlements for same-sex couples continue to be discriminatory. The second position is that of the Australian Labor Party. The Australian Labor Party supports my private member's bill and supports the position that, given that superannuation is compulsory and universal, the benefits of superannuation should also be universal, regardless of sexual preference. After all, we are talking about the economic contribution that workers make towards their retirement, and surely people's sexual preference should not come into the benefits of superannuation.

The third position is that held by the Australian Democrats. The Australian Democrats are a party which are about posturing and not

delivering results. We have seen examples of that in the last fortnight. Firstly, in the legislation which was designed to increase the wages of the Governor-General to account for the fact that in future his wages will be taxed, they moved a same-sex couples superannuation amendment to that bill. The fact is that the incoming Governor-General, Archbishop Hollingworth, is not someone who would benefit from same-sex superannuation rights. Therefore, this amendment was simply about posturing. The Labor Party rejected it (a) because we are not about posturing but about increasing results, and (b) because we believe that this Governor-General—and I am sure he will do a fine job, and I look forward to his swearing in tomorrow—will be Australia's last. It is inevitable that Australia will become a republic and we will have a President, and therefore that legislation is very time limited.

Tonight in the debate in the Senate we saw again, with regard to superannuation entitlements of politicians—the restriction on benefits for incoming politicians after this term so that they will only receive benefits upon reaching the age of 55—an amendment from the Australian Democrats concerning superannuation for same-sex couples, which, if carried, would have meant that the only people in Australia who would have achieved same-sex superannuation rights would have been members of the House of Representatives and members of the Senate. We in the Australian Labor Party believe in reform, justice and equality, but we believe in equality across the board. We believe that, whether you are a politician, a miner or a teacher, you should receive equal rights for your superannuation regardless of your sexual preference. We should not have a position of privilege, which is the basis of the current superannuation discrimination, whereby heterosexual couples get rights that gay and lesbian couples do not. We believe that you do not solve a discriminatory position by introducing discriminatory reforms.

That is why we moved the bill which stands in my name on the House of Representatives *Notice Paper* and why we voted against the Democrat amendment in the Sen-

ate tonight. We moved an amendment as follows:

Whether same sex superannuation rights (which have received the support of the Select Committee on Superannuation and Financial Services in a report in April 2000) should be available to members of the Parliamentary Contributory Superannuation Scheme before being applicable to all in the community who qualify under provisions relating to bona fide relationships, regardless of sexual preference”.

That is what real reform is about—not about singling out sections of the community. That is why the Australian Labor Party is the party that stands for real reform in this area and that is why Senator Brian Greig—who is hypocritical with regard to his position on social security reform, where he did not support reform—is out of touch on this issue. *(Time expired)*

Aboriginals: Rights

Mr HAASE (Kalgoorlie) (3.31 a.m.)—I rise this evening to bring to the attention of the House that I strongly support all of the legal rights that Aboriginal people enjoy today in common with all other Australians. I supported the referendum in 1967. The article appearing in today's *Age* did not fairly represent my concerns regarding the lack of education and information provided to Aboriginal people about alcohol and its abuse. My reference to the 1967 referendum was not intended to suggest that Aboriginal people should not have secured those rights.

Education: Funding for Non-Government Schools

Mr LEE (Dobell) (3.32 a.m.)—A few minutes ago in the Senate, Senator Tierney was sent in to accuse the Labor Party of being responsible for the government not securing passage of funding for a number of very important measures in the area of higher education and Australia's national research effort. Let me make it clear that the only reason that those funds, which are supported by both sides of this House and by the Labor Party and the government in the Senate, were not passed is that the current Minister for Education, Training and Youth Affairs deliberately or incompetently sought to attach to

those funds an increase in funding for establishment grants for private schools.

It is a great pity that the government, knowing that the Labor opposition would only support that \$10 million increase in funding for non-government schools on the condition that there was a \$30 million increase in funding for public schools to provide a bit of balance, have deliberately sought to hold hostage the urgently needed funding increases for higher education research in Australia. You really know that the government are in a bit of strife when they send heavy hitters like Senator Tierney into the Senate. Senator Tierney went on to make a series of outlandish claims. One was that in some way it is the Labor Party's fault for this legislation not passing before the end of this financial year. This is despite the fact that the government knew as early as last October that they had to amend their funding for private schools.

It has been admitted in the Senate estimates process and in the committee hearings on this bill that the minister for education's department knew in October that they needed to increase the funding for establishment grants for private schools by \$10 million. His department claims that they did not bother to tell the minister for education, which says something about the job that the minister is doing, and it certainly makes it clear that, if anyone is responsible for this \$10 million error not being resolved last year, when parliament was debating the state grants legislation in both houses as late as November and December last year, it is the minister for education himself.

The government made a series of commitments to the Australian people to try to repair some of the damage they have done to our national research effort in the Backing Australia's Ability statement in late January or early February this year. When was the legislation that implements the Prime Minister's grand undertakings introduced for debate? It was the seventh last sitting day of the financial year. That legislation ended up being debated in the Senate at 2 a.m. on the last day that it appears that the Senate will have the opportunity to discuss the legisla-

tion. How can the government seriously claim that they are seeking to give priority to passing innovation funds when they cannot even be bothered to apply the cattle prod to the minister for education to encourage him to get his legislation into the House on time, so that not only the opposition but also the government's own members can have a chance to debate it and treat the measures with the importance that they deserve?

It is expected that the government will withdraw the previous legislation. If it is not prepared to split the bill into the three sections that the Labor Party has suggested—that is, one section that no-one opposes on innovation funds that can pass both houses as quickly as possible; another section dealing with the postgraduate loans scheme that Labor and the government support, admittedly with some amendments that we will move in the Senate; and a third section dealing with the schools funding issue. If the government is not prepared to do that, it will risk further delay in the urgent funding that is needed for our higher education research sector. It will also place at risk the PEL Scheme and the extra \$10 million for non-government schools.

Unless the minister for education wants a train wreck and unless he has deliberately set out to cause a train wreck that will delay those urgently needed research funds, the government should agree to split the bill so that those elements that are supported by both sides of the house can pass, and Australia's national researchers can get the money that the Prime Minister funded them as soon as possible.

Gambling

Ms JULIE BISHOP (Curtin) (3.37 a.m.)—Having listened to the debate on the [Interactive Gambling Bill 2001](#) and to the elevating words of the member for the Northern Territory—he concluded by calling the bill a dog's breakfast—I thought that I would take the opportunity at this hour to comment on this aspects of the bill that have been of considerable interest to some people in Western Australia. Considering the hour, I thought that I would start with a touch of

philosophy. You really cannot go past quoting Edmund Burke at this time of the morning.

Mr Ross Cameron interjecting—

Ms JULIE BISHOP—Indeed, I would have quoted the member for Parramatta—in fact, he probably has said this at some time in his parliamentary career. I shall quote the great Anglo-Irish parliamentarian, not the member for Parramatta, the political philosopher Edmund Burke. He is very much flavour of the month—

Honourable members interjecting—

Ms JULIE BISHOP—Is that right?

Mr SPEAKER—Order! The member for Curtin does not need the assistance of the member for Mitchell or the parliamentary secretary at the table.

Ms JULIE BISHOP—It seems that we cannot get enough of Edmund Burke's words, for they are often quoted and his reputation is invoked at every turn to bolster conservative and liberal arguments. In fact, I have invoked his words on a range of bills in the past few weeks—even earlier this evening. His popularity is easy to understand, for his thoughts on innumerable topics are as relevant today as they were in the 18th century. As I was listening to the debate tonight, I was reminded of Burke's words on futility and effort. He said:

Nobody makes a greater mistake than he who did nothing because he could do only a little.

I think the Interactive Gambling Bill in fact represents a really considered response on the part of the Howard government to one of the most important social issues facing Australia. We are all aware of the statistics: over 80 per cent of Australians engaged in commercial gambling in the past year and spent \$11 billion; 40 per cent of the community gamble regularly; over 130,000 Australians are believed to have a severe gambling problem; and 160,000 people have moderate gambling problems. Together, these problem gamblers make up about a third of the gambling industry's revenue. That apparently equates to a loss of about \$12,000 a year each for these problem gamblers, and I guess

that is an amount equivalent to an average annual home loan payment.

On this issue I have staked out a position which balances my natural scepticism about the efficacy of government regulation of adult activity—after all, gambling is an act of free will—with my concerns about the wider economic, cultural and social externalities associated with the proliferation of gambling activities over the past decade. My support for the government's initiative in this area was also based in part on the notion of equivalence. For example, I believe that simply by virtue of it being offered on a new medium Australian material published on the Internet ought not to have been legally immune from Australian classification law. Similarly, gambling, which has been subject to a long and involved process of regulatory development in Australia, should not be immune from similar regulatory considerations simply because it is online rather than offline, and this position has come to be accepted throughout much of the developed world. It is of interest that only five, six or seven years ago it was taken for granted that material published online was effectively beyond regulation. This is certainly no longer the case, and I have suggested it would seem that the years 2000 and 2001 will be remembered as the years when governments started to regulate cyberspace in earnest. We have seen regulatory reform with regard to online material across Western Europe, North America and Asia, and these reforms have related not only to gaming issues but to pornography, intellectual property rights and the like.

I want to come to one of the aspects of this legislation as it affects social and economic life in Western Australia, and here I am talking about lotteries and their significant contribution to charity and other work in my state, and sports betting and wagering on horseracing. I was a little bewildered by comments made by Senator Mark Bishop, a senator from Western Australia, in the other place earlier this evening. Apparently he dismissed as irrelevant these very important amendments relating to lotteries and sports betting and wagering on horseracing, and I

find those comments most surprising considering the strong support among the Western Australian public for the protection of horseracing and the WA lotteries. Instead of joining his state Labor colleagues who have supported the amendments that we have made to this bill, the senator was asking rhetorically whether there was a difference between wagering on horseracing and casino-style interactive gaming. (*Time expired*)

Greenway Electorate: Care Givers

Immigration: Travel Documentation

Mr MOSSFELD (Greenway) (3.42 a.m.)—While I am delighted to have the opportunity to speak about some issues of importance in my electorate, I think it is rather inappropriate that we should still be sitting here at 3.40 on Friday morning. I do not think it is a very productive way for any of us to use our time. However, I will nevertheless take the opportunity. I want to touch on a few things of interest in my electorate. Of all the issues that I believe I come across from time to time, whether they be immigration matters or child support, I think the most important area of concern that I personally have is for parents looking after children with disabilities. I am concerned that there seems to be a lack of flexibility in the government's interpretation of the various acts. I quote the case, as I have previously, of my constituents Mr and Mrs Goswell, who have tried to get a carer's payment because they look after their child who has a severe disability. While I have not got all the details at hand due to the lateness of the hour, I do have a reply from the government on Mr and Mrs Goswell's request for a carer payment. The letter says:

The government recognises the difficulties associated with caring for children with disabilities and is aware of the responsibilities and demands both financially and emotionally placed upon families and other carers.

Having said that, the letter goes on to say later:

A number of stringent criteria relating to medical needs of the child as well as income and asset tests must be met in order for the carer to qualify for the carer's payment. Unfortunately, the min-

ister is unable to grant carer payment to Mr and Mrs Goswell as there is no discretion—

and that is the point I make—

under the Social Security Act 1991 to change the legislative requirements for individual cases.

I will be pursuing this issue, of course, but certainly in the short term this particular family are suffering considerably because of their inability to get the carer's pension.

The other issue I want to refer to, possibly as a warning, is one that I have come across in my electorate. Many people come from overseas and then have families in Australia, and there is a need for them to be very careful that all the documentation is in order when their children visit their homeland. Quite some time back I had a case of a child who was born in Australia of Korean parents, went to school in Australia and, for all intents and purposes, was and is an Australian. That child travelled to Korea by herself to see her dying grandmother and then, when attempting to come back to Australia, she found that, through some misspelling of the name, she was not able to travel back to Australia. You can appreciate the stress of this schoolchild, who was clearly an Australian, being stuck in a country she had not been born in. A lot of distress was caused to that child. I mention this as an issue that is worth considering. I have to say that we got quite considerable assistance from the minister's office in that particular case. We were able to successfully resolve it eventually and the child has now returned to Australia.

Health: Regional Australia

Mr LAWLER (Parkes) (3.47 a.m.)—Mr Speaker, I congratulate you on your sparkiness at this late hour—nearly four o'clock. I would like to comment on some of the government's initiatives for delivering better health care to rural Australia, specifically in the electorate of Parkes. What brought this to my attention most recently was an announcement of about \$312,000 in funding to improve accommodation for GP registrars and medical students in the Condobolin and Forbes areas. I understand that a couple of new houses and a couple of new flats will be built or bought in the Condobolin and Forbes

areas. Those that are to be built will be built by local tradesmen on land bought from the local shire, and even that small generation of economic activity in the towns will be most welcome. But the major focus, with the government's rural GP initiatives now gathering great momentum, is on the urgent need to provide suitable accommodation for the increasing numbers of GP registrars and medical students now choosing to train in country areas.

One of the things I congratulate the government on—and this is a very little known statistic—is that in the city of Dubbo, which is my home town, the number of GP registrars working there at the moment represents an increase of 25 per cent in the number of GPs practising in that city. So a program of this government has resulted in a 25 per cent increase in the number of doctors available to the public in the city of Dubbo. Even though we always need more, that is an incredible statistic for a regional centre.

The federal government has made a massive investment in a range of programs to retain and support existing rural GPs, with around \$90 million expected to be spent on such initiatives in the next financial year. This equates to around \$25,000 per rural GP. But the key to achieving a long-term improvement in this area is to encourage more new medical graduates to pursue a career in rural medicine. The government has taken several steps to make this happen. Some time ago, the government initiated the John Flynn scholarships, which my colleague the member for Farrer was involved in. The John Flynn scholarships are designed to allow medical students who are at university to spend some time practising in a rural location. The accommodation initiative I have been speaking about will complement the federal government's current \$562 million regional health strategy, which was announced in the 2000-01 federal budget.

I doff my cap to two men in particular—that is, the leader of my party, the National Party, John Anderson, and Minister Michael Wooldridge. Minister Anderson and Minister Wooldridge did a tour through some parts of

regional New South Wales and spoke to local GPs and local government representatives, but they especially spoke to local young students and medical students in the town of Mudgee. Several of the suggestions put forward by those young people have been taken up by the minister and brought into government policy. That \$562 million amount in last year's budget had a very strong base in that tour.

One of the critical things that was announced at that time was the establishment of clinical schools. I am very proud to be the member for the area in which a clinical school is being established—Dubbo. This initiative by the government will allow medical students to spend a significant proportion of their training time working, learning and living in a rural location. This is on top of the \$4½ million that this government set aside to establish a Royal Flying Doctor Service base in Dubbo, which has been strongly supported by organisations such as Dubbo South Rotary. We are looking forward to the Blandford announcement on where the next funded MRI will be—hopefully it will be in Dubbo. It is on top of the GP rural incentive scheme, the Roma scholarships, the bonded scholarships, the announcement in this year's budget about rural nurses scholarships, and the funding towards divisions of GPs. Especially in Dubbo we look at the establishment of the Charles Sturt University campus, which I believe in the long term will assist in delivering not only business, Aboriginal health and nursing training but also other medical services. *(Time expired)*

Electoral Matters

Mr GRIFFIN (Bruce) (3.52 a.m.)—I rise at this ungodly hour to talk a little about the recent report of the Joint Standing Committee on Electoral Matters and to make some comments about our electoral system and what has been proposed. I see a former chair of the JSCEM when I was on it. As we all know, he was knocked off the committee by the Prime Minister and replaced by the member for Sturt. I am sure that I share the view with all those on this side of the cham-

ber and many on the other side that that was a very sad and dark day for democracy.

Mr Nehl—You must have had your sunglasses on!

Mr GRIFFIN—At this hour of the morning one needs one's sunglasses on to look at you!

I would like to focus on the proposed early closure of the rolls. That is a very basic attack on democracy. All members know that lots of people, although they should do so, do not change their electoral address when they move. Often, younger people do not get around to enrolling until they feel they need to, and that is often triggered by an election being called. As the Electoral Commission has said, hundreds of thousands of people over that period end up enrolling properly. By closing the rolls early we will ensure that, for one thing, we will have less accurate electoral rolls than we currently have. Also, the right to participate in democracy will be denied to many people within the electorate, and that is a bad thing for democracy.

The government members on the Joint Standing Committee on Electoral Matters who supported this particular recommendation were just doing the bidding of those who wished to influence that committee in a way that I think was a real blight on the democratic process and on a committee process that in the past, although there has always been a lot of rigorous debate, has meant that that committee has generally played it a lot straighter than that. The member for Sturt has brought no credit on himself—other than a few column inches—by his actions with respect to this particular matter.

I would also like to focus briefly on the Democrats' role with respect to this particular issue. In the past they have shown a willingness not to support recommendations of this nature. Although their response to the report was fairly confusing in some respects, one would certainly hope that the Democrats were able to all vote together as one bloc—which would seem to be a fairly unusual thing these days—and actually knock over this particular recommendation, should it come forward in law. There are certainly

other aspects of that report that do not deserve support, but I will leave that for another day.

Canberra Electorate: Aged Care Facilities

Ms ELLIS (Canberra) (3.55 a.m.)—I would like to bring to the House's attention this morning my continuing and growing concern regarding the provision of aged care facilities in my electorate, and generally in the country—but I refer specifically to the situation facing the community of Canberra. I have said in recent times in this place and in the second chamber that the statistics are growing in Canberra. People have to wait much longer now than they had to a year or two or three or four ago for the allocation of a full-time facility care bed. We now also have a very heavy demand on the waiting list for CAP care at home packages and, in recent times in the Canberra press, we have been unfortunate enough to see very tragic stories of elderly folk who are living at home with the assistance of family members and the overarching care of the CAPs package but who are also sufferers of dementia. In a couple of cases they either have not been able to get very urgently required respite care or, I believe, have been shipped out of town to places far away from Canberra, to Goulburn and elsewhere, which is a most unsatisfactory outcome.

I am not pretending for a moment that it is an easy thing to deal with the ad hoc, urgent respite needs of some of these elderly people. However, I am afraid that when you are in government there is a certain responsibility that you take on. One of those families, the De Luca family—and they will not mind me mentioning their name, because they have also been in the press—was driven to go to the press because of their absolute desperation. They have an elderly father, and he and his wife have been married for in the vicinity of 60 years. He is now living at home, with his wife assisting with his care. He is a sufferer of dementia and there was a very urgent need for some respite care for that gentleman, but it was not forthcoming at the time it was needed. It has created an enormous amount of stress for that family.

We do in fact have a specific respite facility here in Canberra. The problem that I am hearing from the industry here is that not only is that facility full but it is overloaded, in proportional terms, with those sorts of problematic cases—of elderly people who have dementia and who are having an episode where they require urgent care out of the home. That facility is just not in a position, I understand, to take on any more of those patients. The load on the staff is too much and they cannot handle it. It is not a dementia specific unit; it is a respite unit.

The other concern, of course, is for the people who are at home under these CAPs packages. CAPs are a good idea—I am not knocking them—but when you have people like this with very specific needs, the staff who go into that home to care for that elderly person need to also be very carefully chosen, because they are dealing with very high-need people in very stressful situations. I call on the Minister for Aged Care and the government generally to do everything they possibly can to pay more attention to this area. It is just not good enough for the respite numbers required. The facility I just referred to is, I understand, booked out for respite places until June or July of next year. Whilst that is a good thing in itself—because it means that those families are able to plan and take some steps towards organising their relief—the people who need this urgent care, which has been termed to me as psychogeriatric care, are left at the side with nowhere for that respite to be supplied from. It is a very serious issue and, because of the stress that it is causing a larger number of people than one would imagine in the community, we really need to pay some attention to it. I call on the government to do all that is possible—spend some of that money in this area instead of on some of those silly old ads—to get something done to bring some relief to these families who are in urgent need.

Law and Order

Mr LLOYD (Robertson) (4.00 a.m.)—Law and order is an issue which is of concern to every Australian—and it is probably appropriate that I am speaking on this issue

at 4 a.m. because that, of course, is a high risk time for break and enters and crime generally. I am very pleased that the government has taken a number of initiatives that will help against crime, because one of the basic rights of our citizens is to be able to walk the streets in safety and to live in their homes in safety, without fear of personal danger or break-ins. The coalition government has looked at issues where it can help in this area and has invested \$516 million in its Tough On Drugs strategy. This strategy fights illicit drugs on three fronts: health, education and law enforcement—because obviously the drug problem has a major impact on our crime rate. Of this \$516 million, \$134 million is being invested in the National Illicit Drugs Strategy, which has led to enhanced cooperation between law enforcement agencies and to record drug seizures, as shown up in the figures I have here. Under NIDS, the AFP has prevented more than \$1.24 billion worth of illicit drugs from reaching the Australian community over the past three years. In addition, the government has recently announced \$6 million for CrimTrac, a computer system on which fingerprints and now palm prints can be registered to create a national database on which unidentified prints can be kept and easily recorded—and this will certainly assist our law enforcement agencies in solving crimes.

Law and order and fighting crime needs a cooperative effort between the federal government and the state governments. Basically, law and order and police numbers are very much the responsibility of the state government. I am very concerned and disappointed that under the Carr government in New South Wales, and certainly in my electorate of Robertson, we do not have enough police. I am calling on the New South Wales Carr state government to bring back general duties police to the Woy Woy police station and to the Kincumber police station. The Kincumber police station is a sham; it is a shopfront. The Carr government made a promise to put a police station in Kincumber. Every resident in Kincumber knows that there are no police there. There is one part-time policeman there, but general duties po-

lice come from Gosford when they are needed in Kincumber. The Terrigal police station is not open 24 hours a day; it is not open when it is needed in the wee small hours of the morning.

I am certainly pleased to work with Mike Gallagher MLC, the Leader of the Opposition in their Upper House. Mike is a former police officer, a Central Coast resident, and he has been working with the community to force the Carr government to realise that we must get more police numbers on the streets where they are needed to assist people, in order to get response times down so that, when people do need police to attend matters, they are there to assist. Also having them out on the streets is a deterrent to criminals, which is very important.

It must be remembered that, under the new tax system, state governments get every cent of the GST—every cent of it. The New South Wales government has received more than \$5 billion in GST revenue already in the one year that the GST has been operating. That is more than enough. It is increased funding to allow them to provide the services that we need in New South Wales and on the Central Coast. It is enough money for them to provide additional police services on the ground where they are needed on the Central Coast. We need the state government to work with the federal government to attack the issue of law and order and safety for our community on the Central Coast, throughout New South Wales and throughout Australia.

**Sydney (Kingsford Smith) Airport:
Aircraft Noise**

Mr ALBANESE (Grayndler) (4.05 a.m.)—I speak on behalf of my constituents who live in the area bordered by Charles, Westbourne, Crystal and Margaret streets in Petersham and who have been denied insulation of their properties, due to the excessive aircraft noise in which they have to suffer. These people were all included in the original insulation program which was part of the community package as a result of the approval of the third runway at Kingsford Smith airport. This has resulted in excessive aircraft noise which suspends conversation,

can certainly be felt physically by residents living in these homes, causes flooring and indeed the physical location to vibrate, can wake people from sleep and drowns out television. As you know, Mr Speaker, I am the father of a six-month-old baby who lives under the flight path, and it was very distressing for me to have my child, young Nathan, disturbed by aircraft noise as a result of living so close to the airport.

These residents in Petersham were all sent a letter by the government saying that their properties would be insulated. But upon coming to government the Howard government reneged on this commitment. The Howard government at first reneged all the way to Stanmore Road. They increased the number of properties in the budget of two years ago because they recognised that indeed a number of these properties should have been eligible for insulation and still suffered from excessive aircraft noise. However, this particular area has been singled out for missing out on insulation.

On Saturday, 19 May at 10 o'clock I gathered with the Mayor of Marrickville, Barry Cotter, and some 200 residents on the corner outside the Sunflower corner store in Petersham at the corner of Charles Street and Corunna Road. It was a very miserable day, I must say. It was raining, but still the residents came out there because they are demanding fair and equitable consideration of their situation. This aircraft noise affects their lives every single day. They are directly under the main parallel flight paths at Kingsford Smith airport. I am pleased the member for Bradfield is in the chamber, because he and the member for North Sydney, as chairs of the Sydney Airport Community Forum, have supported the residents in my electorate, despite the political differences, in terms of the original insulation program being adhered to. Still, they have not been able to exercise their influence to get the Howard government to do the right thing by these people.

Just about a block away is Fort Street High School, a great high school that has produced people of the calibre of Neville

Wran. Fort Street High School also has been ruled ineligible for insulation, as have Marrickville High and Dulwich High. All of these high schools suffer from aircraft noise. The ability of teachers to give students a proper education is affected by aircraft noise, yet these schools have all been deemed to be ineligible. At the same time just down the road at Newington, a category one school, some \$18 million has been spent on insulation. I do not begrudge that; I support that. But what I say is that, regardless of income and whether you can afford to send your child to Newington or to Marrickville High School—or, indeed, Fort Street High, if they meet the eligibility requirements—education is important, and those schools should be insulated so that the children have a proper opportunity to gain that start in life. I call upon the government to commit itself and to insulate those homes and those schools. *(Time expired)*

Sydney (Kingsford Smith) Airport: Aircraft Noise

Mr MURPHY (Lowe) (4.10 a.m.)—I was just listening in my room to the member for Grayndler talking about aircraft noise. Mr Speaker, as you would well know, I have spoken on this topic on numerous occasions, since it is the biggest local issue in my electorate of Lowe. I return to something that I have raised in this chamber previously, because at about 6 a.m. today, when the curfew ceases at Sydney airport, my constituents of Lowe are going to be woken up by the very loud noise of 747s roaring over them, which will continue throughout the day.

Before the Howard government was elected in 1996, this shoddy little document, 'This is not Liberal policy; you can't trust Labor', which I have held up in this chamber before, was circulated throughout my electorate of Lowe. This document was put in the letterboxes of all my constituents in response to the former Labor member for Lowe, Mary Easson, distributing a handout with the true flight paths over the electorate of Lowe. The 'This is not Liberal policy' document was Mr Paul Zammit's response at the time. Mrs Easson distributed a document all over the

electorate of Lowe setting out the true flight paths, and Mr Zammit and the Liberal Party countered with 'You can't trust Labor'.

Mr SPEAKER—The member for Lowe knows that he is being granted as much time as anyone is to exhibit something, and I would appreciate him no longer using it as an exhibition.

Mr MURPHY—The document said, 'No new areas in Lowe will be affected by aircraft noise. We will halve the number of planes over Lowe.' It is disgraceful. Something has to be done about it. The government should be flogged over this issue.

Mr SPEAKER—The member for Lowe! I would appreciate him no longer using it as an exhibition. The member for Lowe has the call, but it is the custom in the House not to continue to exhibit a particular document, and I have been entirely consistent with the member for Lowe in that ruling.

Mr MURPHY—The government, as I said before you brought that to my notice, should be flogged because on 13 December last year the coalition changed its policy in relation to aircraft noise in Sydney and in relation to the operation of Sydney airport—in fact, of all air traffic movements in and out of Sydney. On 13 December the government decided to jettison Badgerys Creek as the option for the second airport for Sydney and, effectively, created Bankstown as the overflow airport for Sydney airport. Why did they do that? They did that to maximise air traffic movements in and out of Kingsford Smith airport because the government wants to sell Kingsford Smith airport. It is reported that the government will be realising in the order of \$4 billion, so the government will throw dirt in the faces of the people of Sydney affected by aircraft noise and not build a second airport, which is so desperately needed.

I think the government stands condemned. When the government went to the people in the 1996 election, the coalition's aviation policy entitled *Soaring into tomorrow* promised that aircraft noise would be fixed in Sydney and that the second airport would be built. Not long after the government was

elected in March 1996, the Airports Bill 1996 came before the parliament and everyone who participated in that debate made it quite plain that aircraft noise would be fixed in Sydney with regard to the introduction of the long term operating plan and, most importantly, with a commitment to build a second airport for the residents of Sydney.

The government have failed in terms of delivering on aircraft noise. I have asked an enormous amount of questions on the *Notice Paper* and made an enormous number of speeches in this chamber. We in the inner west were promised that we would only get 17 per cent air traffic movements to the north. As you know very well, Mr Speaker, we are getting 60 per cent additional planes to the north of Sydney. That is just unbearable for my constituents. Worse still, we are not going to get a second airport. We were promised a second airport by the Howard government. It is not good enough to expand Bankstown Airport, because Bankstown Airport only compounds the health, safety and environmental problems and risks with large aircraft flying over a densely populated city. Planes should be flying over the water and cow paddocks, not over schools and homes of people day and night, disturbing their sleep. It is just unbearable. Is outrageous, and the government should be condemned. (*Time expired*)

Griffith Electorate: Community Youth Initiative

Mr RUDD (Griffith) (4.15 a.m.)—Last weekend I attended a Neighbourhood Watch meeting in my electorate of Griffith in Brisbane. I have about 28 Neighbourhood Watches in my electorate. The important thing about this particular meeting was that it began to focus on the critical question of how we engage in effective preventative programs concerned with the emerging drug problem for young people across this country. Many of the preventative programs which currently exist within our school system are effective to a point. They educate children through life education programs in terms of the impact of drug use and drug experimentation on their lives, their health and their opportunity to obtain employment

later on. However, research has indicated that these life education courses are only effective at the margins. Research indicates that they may have an impact on perhaps five per cent of those children who are the beneficiaries of them. This has led to a debate in my community on what we can do further in order to effectively bring about preventative programs for young people confronting the drug problem today.

In our local community we have called this the 'community youth initiative'. Broadly, it has these characteristics. It seeks to bring together around each school community those community organisations in direct support of the local school, government or non-government—be it Neighbourhood Watches, P&Cs, P&Fs, local church youth groups or local sporting groups such as junior cricket clubs and the rest—the idea being that those support organisations in conjunction with their local school communities identify children within those schools who are at risk, children who are beginning to exhibit classic symptoms of experimentation or symptoms of not fitting in with the immediate school environment, children who have inadequate care and attention in their home environment and children who, in the absence of effective intervention, would perhaps go down the slippery road towards drug experimentation, drug use and drug addiction and the life of crime to which that often gives rise.

We are seeking to use two schools in my electorate as pilot programs—one primary school and one secondary school—the objective being that once children who are at risk within each of those school communities are identified then they can be teamed up with supporting community organisations within those localities. Often the problem these children face is a very practical one: when school finishes in the afternoon they have nowhere to go. There is inadequate supervision—inadequate parental supervision and inadequate teacher supervision because teachers have a raft of other responsibilities concerning the basic pedagogical requirements of kids in their own classrooms. The challenge which we face is that children in

these categories have time on their hands. How are they effectively taken care of? How are they effectively administered pastoral care from the point that they leave the school until the point where parental care and attention can be provided to them later in the evening?

Related to that is often the time which children from these environments have on their hands at the weekend. Many of us in this chamber have taken for granted the fact that parents will trot their children off to various community sporting events around their neighbourhoods so that those children learn all the values and acquire all the virtues of participation in community activities. However, this cannot be guaranteed for all children. Therefore, the practical challenge is again how you can effectively coordinate local community organisations with the particular needs, the individual needs, of children at risk within local schools.

To make this community youth initiative project work, we need local community liaison officers within these schools. I suggest these should be funded not by government but rather by community fundraising and be not a full-time job but a part-time job. Their role would be to match each individual child at risk with an appropriate local community support organisation to ensure that that child receives tailored pastoral care so that that child does not simply embark upon the normal pattern of experimentation with drugs and then—as we often find through our neighbourhood watch briefings—children resorting to a life of petty crime in order to support the drug habits which they acquire. This community initiative has the support of a large number of community groups across my electorate of Griffith. If these pilot programs succeed in the schools in which we hope to introduce them later this year, we hope to take that model to more communities across the city of Brisbane. (*Time expired*)

Question resolved in the negative.

**HEALTH LEGISLATION
AMENDMENT (MEDICAL
PRACTITIONERS' QUALIFICATIONS
AND OTHER MEASURES) 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 1, page 4 (after line 9), after item 2, insert:

2A At the end of subsection 3GC(2)

Add:

- ; and (d) to compile information in relation to each medical college on the number of people who sit, and the number of people who pass, each examination held by the medical college for people seeking:
- (i) admission to advanced training; or
 - (ii) admission to Fellowship of the college.

2B After subsection 3GC(4)

Insert:

- (4A) The report prepared under subsection (4) must include the information compiled by the Panel under paragraph (2)(d) during the year concerned.

2C After subsection 3GC(6)

- (6A) In this section, *medical college* means:

- (a) an organisation declared by the regulations to be a professional organisation in relation to a particular specialty for the purposes of paragraph 3D(1)(a); or
- (b) the Royal Australian College of General Practitioners.

- (2) Schedule 1, page 4 (after line 9), after item 2, insert:

2D Subsection 3GC(7)

Repeal the subsection.

- (3) Schedule 1, page 6 (after line 34), after item 16, insert:

16A Section 19AD

Repeal the section, substitute:

19AD Reports by Minister

- (1) The Minister must cause a report setting out details of the operation of sections 3GA, 3GC and 19AA to be laid before each House of the Parliament:
 - (a) on or before 31 December 1999; and
 - (b) thereafter, at the end of each 2 year period commencing on a biennial anniversary of 31 December 1999.
- (2) Within 3 months after a report mentioned in paragraph (1)(b) is tabled, the Medical Training Review Panel must convene a meeting to discuss the report.
- (3) The Medical Training Review Panel must invite representatives of the following to attend a meeting mentioned in subsection (2):
 - (a) a student or students representing those people enrolled at each university medical school in Australia; and
 - (b) a representative of the National Rural Health Network.
- (4) The Minister must cause a record of the proceedings of a meeting mentioned in subsection (2) to be laid before each House of the Parliament within 20 sitting days after the meeting.

Dr NELSON (Bradfield—Parliamentary Secretary to the Minister for Defence) (4.21 a.m.)—I move:

That the amendments be agreed to.

The **Health Legislation Amendment (Medical Practitioners' Qualifications and Other Measures) Bill 2001** is significantly great news for rural Australia in particular. The government is happy to agree to the amendments moved by the Democrats in the other place. I commend the bill to the House.

Mr GRIFFIN (Bruce) (4.22 a.m.)—The Labor Party will be supporting these amendments. We believe the Medical Training Review Panel has done a good job. We welcome the government's about-face to accept the amendment that will retain the panel instead of seeing it being extinguished as the government previously planned. We are disappointed that the government and the Democrats have combined to remove the sunset clause, which young doctors around

Australia had firmly wished to retain. The young doctors have been consistently ignored by this government, who have treated them as cannon fodder to solve shortages by forcing them into unsupervised rural vacancies without the necessary support. The Democrats have now joined the government in turning their backs on young doctors and signalled that they are happy with the current arrangements. Labor is not happy with this situation. Postgraduate medical training is a mess. Labor will make it a high priority after the next election to sit down and properly negotiate a satisfactory set of programs that address the concerns that have been raised.

In particular, we will ensure that the long recommended community terms for post-graduate doctors wanting to do prevocational GP training will be opened up in urban areas of work force shortage, as well as ensuring that the existing schemes are abolished, as recommended by the government's own inquiry, and replaced by supervised schemes. The other amendments are supported, although I would highlight the difficulties raised by the timing of the review, which must report to parliament by 31 December. Given the timing of the next election, I urge the minister in setting up this review to consult with the opposition to ensure the review is comprehensive and provides a basis for the next minister to act regardless of which party is successful at the election.

Question resolved in the affirmative.

TAXATION LAWS AMENDMENT BILL (No. 5) 1999

Consideration of Senate Message

Bill returned from the Senate with an amendment.

Ordered that the amendment be taken into consideration forthwith.

Senate's amendment—

Schedule 1, page 3 (lines 2 to 32), omit the Schedule.

Motion (by **Dr Nelson**) proposed:

That the amendment be agreed to.

Mr KELVIN THOMSON (Wills) (4.25 a.m.)—Labor agrees to this amendment, which is indeed something that we proposed

in the Senate and have been pursuing for the past two years. It would have been far better had the government agreed to this in the first place. The situation with the legislation was that people who had quoted for buildings, contracts and so on on the basis that they would be sales tax exempt found themselves hit with a retrospective amendment. That was really quite unfair. So we fought for this schedule to be omitted. We are pleased that the government has supported this position and will support this amendment accordingly.

Question resolved in the affirmative.

CHILD SUPPORT LEGISLATION AMENDMENT BILL (No. 2) 2000

Consideration of Senate Message

Mr SPEAKER—The following message from the Senate has been received:

The Senate returns to the House of Representatives the bill for An Act to amend legislation relating to child support, and for related purposes, and acquaints the House that the Senate has considered message no. 692 of the House relating to the bill.

The Senate:

- (a) does not insist on its amendment no. 2 disagreed to by the House;
- (b) insists on its amendments nos 1 and 3 to 5 disagreed to by the House;
- (c) has agreed to amendment no. 6 made by the House in place of certain Senate amendments disagreed to by the House;
- (d) has not agreed to amendments nos 2 to 5 and 7 made by the House in place of certain Senate amendments disagreed to by the House;
- (e) has agreed to amendments nos 1 and 8 made by the House in place of certain Senate amendments disagreed to by the House, with amendments as indicated by the annexed schedule; and
- (f) has made a further amendment as indicated by the annexed schedule.

The Senate desires the reconsideration of the bill by the House in respect of Senate amendments nos 1 and 3 to 5 and in respect of House amendments nos 2 to 5 and 7; requests the concurrence of the House in the amendments made by the Senate to House amendments nos 1 and 8; and requests the concurrence of the House in the further amendment made by the Senate.

Senate's further amendment—

Clause 2, page 2 (lines 4 to 8), omit sub-clause (3).

Ordered that the message be taken into consideration forthwith.

Mr ANTHONY (Richmond—Minister for Community Services) (4.27 a.m.)—I move:

- (1) that the House does not insist on amendments Nos 2 to 5 and 7 disagreed to by the Senate, and
- (2) that:
 - (a) Senate amendments Nos 1 and 3 to 5 insisted on by the Senate,
 - (b) the amendments made by the Senate to amendments Nos 1 and 8 made by the House in place of certain Senate amendments disagreed to by the House; and
 - (c) the further amendment made by the Senate to the Bill,
 be agreed to.

This government is looking to ensure that the Child Support Scheme is fair and balanced for all parents and children. That has been a philosophy articulated and pushed by the Liberal and National parties for quite some time. Unfortunately, the contact measures have not been recognised in this bill. If they had been, they would have recognised the important contribution of non-resident parents who care for their children on a regular and ongoing basis. Unfortunately, the opposition has been unable to agree with us on this proposal, which I strongly believe would have put more fairness and equity into the scheme.

We are mindful that the opposition has already delayed important measures in the bill. We do not want to delay these anymore, and for that reason we are accepting the amendments. But we will continue to fight for the proper recognition in the child support formula of the contributions that all parents make to their children's lives, and I am particularly glad that there are amendments in this legislation that will help families, and of course there are now the FTB measures that we have introduced, which will certainly

help payees if payers are not meeting their responsibilities.

Mr SWAN (Lilley) (4.29 a.m.)—We are pleased that the government has decided to push ahead and pass the **Child Support Legislation Amendment Bill (No. 2) 2000**. It means that two beneficial measures for second families can be passed immediately. The first of these measures helps second families in which a parent takes a second job or works overtime to assist their new family. The second ensures that money paid in child support by a parent with a second family is not taken into account as income in determining the amount of family payments the new family receives. This will be of financial benefit to many second families.

While I am glad these positive reforms are to be passed, another remains gridlocked because the government is unwilling to pass an amendment put by Labor to make shared care a reality. Labor's concern with the shared care provision in this bill is that the way it has been drawn up by the government is not fair. Labor has twice proposed an amendment to make shared care fair. We have proposed an amendment to the maintenance income test for family tax benefit to make sure that shared care does not take from one parent to give to the other. Our amendment would give non-resident parents financial recognition of the cost of caring for their children while making sure this does not result in a loss of income to resident parents. Unfortunately, the government would not support us on this. However, they have indicated that they are committed to working with us to achieve reform in this area, and we welcome that.

Question resolved in the affirmative.

TAXATION LAWS AMENDMENT BILL (No. 2) 2001

Consideration of Senate Message

Bill returned from the Senate with an amendment.

Ordered that the amendment be taken into consideration at the next sitting.

**DAIRY PRODUCE LEGISLATION
AMENDMENT (SUPPLEMENTARY
ASSISTANCE) BILL 2001**

Message received from the Senate returning the bill and acquainting the House that the Senate does not press its requests for an amendment which the House has not made, agrees to the amendment made by the House in its place and agrees to the bill.

ADJOURNMENT

Motion (by **Mrs Bronwyn Bishop**) proposed:

That the House do now adjourn.

House of Representatives: End of Sitting

Mr LEO McLEAY (*Watson*) (4.32 a.m.)—On behalf of my dear friend and colleague the Chief Government Whip, I think we need to thank all our colleagues who have been here until half past four this morning, including the member for Parramatta, Ross Cameron, who said all those wonderful things about the member for Far-*rer*. I have never heard so many nice things said about *Tim*—and he came in and seconded them himself. It is very nice that everyone has been here tonight and worked very hard. I must thank the Chief Government Whip for his cooperation and, hopefully, he will then say something about my cooperation. At half past four, all this shows is that, once again, the government has lost control of the program and, once again, we are here in the House early in the morning putting through legislation that the government should have done ages ago. I think that needs to be put on the record.

House of Representatives: End of Sitting

Mr RONALDSON (*Ballarat*) (4.33 a.m.)—I would like to thank the government members and opposition members and say what a fantastic three weeks sitting we have had. We have had a lot of good legislation and a lot of good question times and I wish my colleagues a good five-week break.

House adjourned at 4.34 a.m. until Monday, 6 August 2001 at 12.30 p.m., in accordance with the resolution agreed to this day.

Thursday, 28 June 2001

Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Macedonia

Mr SERCOMBE (Maribyrrong) (9.40 a.m.)—I have spoken on previous occasions in this chamber about the situation in Macedonia. This is an issue that is increasingly of concern to a substantial number of Australian citizens. The Australian embassy in Belgrade tells me that they wrote yesterday to some 1,500 Australian citizens registered as residing in Macedonia warning them of the deteriorating security environment and saying they believe there are another 3,000 Australian citizens within that country.

Apart from the interests of Australian citizens more directly involved, there are some also some very important reasons in principle why the Australian government needs to take a closer interest in events in this part of Europe. Macedonia is a successful multi-ethnic democracy. It is a country that certainly by the standards of south-eastern Europe has had an excellent record on human rights and on democratic development. It is a country, however, now under attack from terrorist activity and, in that respect, it needs the support of the whole world, including Australia. It is a country that has included members of ethnic minorities within its government members, including the quite large Albanian minority.

President Trajkovski visited Australia last year in the context of the Olympics. He is an excellent leader in that country. Yesterday he made an excellent speech on the situation. He called for a reinvigoration of the political dialogue with all legitimate parties in Macedonia to find a solution to the problems there. But he concluded with these very important words where he was assuring his citizens:

... every inch of the Macedonian territory will be under the control of the Macedonian security forces and that Macedonia will have a civil order whose stability will be the result of joint efforts of all citizens of the state. That we will achieve our objective of becoming a member to the EU and NATO ...

Apart from the interests we all have, particularly in the Western world, in protecting democratic institutions wherever they may lie, there are important additional considerations that apply here and which really ought to lead the Australian government to take a closer interest. As I said, we all have an interest in democratic institutions. We also have an interest in ensuring that the control of extreme nationalism and the maintenance of a secure environment are achieved in all parts of the world. It is simply not acceptable for people who believe in democratic institutions in any part of the world to stand idly by and see a situation where a few extremists, who have in some respects benefited from the NATO operation in Kosovo in the interests of their particular ethnic community several years ago, actively involve themselves in the armed destabilisation of a neighbouring democracy. We all have an interest in avoiding that situation, and I call on the Australian government to take an interest. (*Time expired*)

Roads: New England Highway

Mr St CLAIR (New England) (9.43 a.m.)—On Saturday I will have the great pleasure of opening major road works that have been completed on the New England Highway at Bendemeer north of Tamworth. It is called the Rose Valley deviation and it will cut out two very bad bridges at which there have been some 49 accidents in the last 10 years with two fatalities. It is an area of great concern not only for the car travelling public who use that major

transport route from Sydney to Brisbane but also, as the major route north to Brisbane and south to Sydney, for the heavy transport industry.

Prior to coming into this place, as a driver of heavy vehicles I was able to put the transport minister in the cab of my truck and actually drive him down the New England Highway to point out to him first-hand the significant black spots that needed funding from this government—and I showed him in particular the section known as the Rose Valley area. I am pleased to say that through the assistance of successive transport ministers, both Ministers Vaile and Anderson, this government has provided \$10 million for that project. The original quote was \$7 million. The RTA then seemed to have blown that out to \$12 million. But it has now come in at \$10 million, which is great news. I thank both those ministers and this government for providing that money. Saturday will be a very important occasion, because the upgrade is a tangible benefit that we have delivered for that road from a road safety point of view.

The New England Highway is a federally funded highway and does not receive any funds whatsoever from the state government. I was disappointed to see some of the state members in my electorate try to claim money for the New England Highway from the state government of New South Wales. No such money was available. The only funding that goes to the New England Highway is from the federal government. I think it is time for the New South Wales government to start putting money into their state road network, and I call on them to do so. We have a wonderful north-south system but the condition of our east-west system on the Gwydir Highway and the Bruxner Highway really is appalling. We need to have significant road funds put in there. It is important for people to know that the state of New South Wales will receive some \$8.4 billion in funding from the GST, and some of that money needs to come back into our road network. They cannot keep spending it only in Sydney; they cannot keep spending it in the city environs, without starting to share some of that revenue with the rest of the state. (*Time expired*)

Western Sydney Development

Mr PRICE (Chifley) (9.46 a.m.)—I wish to quote from a speech from my friend and colleague the member for Werriwa in March this year:

I can remember WESROC convening meetings where my friend and colleague the member for Chifley would come along and advocate the construction of Sydney's second international airport at Badgerys Creek. Some people regard him as the father of the proposal—the person who put it on the agenda in a substantial way in Western Sydney because of its positive economic and employment impacts.

I do not deny championing the Badgerys Creek airport in the early days but I certainly have very publicly changed my position and dissociated myself from it. To the best of my recollection and checking with officials, I have no recollection of going to such meetings of WESROC.

If I am to be ascribed paternity for things, I would also like to have my role in the University of Western Sydney acknowledged, where I kicked off the campaign in an article in the *Blacktown Advocate*, set up an advisory committee of the Blacktown City Council and was secretary of the Western Sydney federal members group who championed the establishment of this university. Also, my paternity could be acknowledged for St Marys Senior High, the first public senior high school in New South Wales, where I campaigned with my colleagues Richard Amery MP and Ron Mulock MP, or perhaps more recently the Chifley College where, again with Jim Anderson MP and Richard Amery MP, we have set up a collegiate involving a senior high in Mount Druitt.

Whilst continuing on the subject of paternity, perhaps my role in Nirimba Education Precinct in the electorate of my friend and colleague the honourable member for Greenway could

also be acknowledged, where as parliamentary secretary I had responsibility for the establishment of this precinct and where I had sought to endow the precinct with \$1 million for a library by way of recognition of the serving men and women who had passed through HMAS *Nirimba*. I regret that the then state coalition minister for education did not understand that I had the authority to achieve these things. In all these campaigns—for the university, senior high, Chifley College and Nirimba precinct—I have enjoyed widespread support of my party members, the community and in particular Blacktown City Council, which has had a very honourable role in these matters.

Forde Electorate: Aussie Game Meats

Mrs ELSON (Forde) (9.49 a.m.)—The Howard-Anderson government has always believed in directly supporting local communities, especially those in regional and rural Australia. Our approach is fundamentally different from that of the previous government. We believe in backing local projects and making sure that funding goes where it is needed most, rather than to noisy interest groups as was the case under Labor.

In the short time available to me today, I want to report to the House on yet another excellent local project in my electorate that has gained backing from the Howard-Anderson government. The Beaudesert game meat processing plant is set to create a whole new industry and make a real, lasting difference to the local economy of Beaudesert. Last week, \$750,000 was provided under the Dairy Regional Assistance Program to make this project a reality and provide long-term jobs for local residents as well as contributing valuable export dollars to the national economy. The facility will process kangaroo and other wild game meat for packaging and export to overseas markets. So the possibilities for growth are fantastic for the area.

The company involved, Aussie Game Meats, already have a successful plant operating in Roma. They are experienced game meat processors with a proven track record. I am delighted that we have been able to convince them of the many benefits of establishing and locating their second plant in my electorate. I want to thank our local area consultative committee chairman, Brian Gassman, and his offsider, Ann Norton-Knight, for their hard work in securing this project for Beaudesert.

Beaudesert is a special place. Just a few weekends ago the town hosted its ever growing, extremely popular country and horse festival. One of the town's largest employers, AJ Bush, who sponsored this project, actually lost its factory in a fire on the same weekend. The damage looks set to put the company and its many local workers out of business for quite a few months as they wait for new equipment to be built overseas. I thank AJ Bush manager, David Kassulke, for his commitment to rebuild this factory in Beaudesert. I understand that the new game meat processing plant will rely on AJ Bush's facilities to some extent, so last week's announcement was welcome good news for the town and provides added incentives for everybody to help ensure that we get both projects under way as soon as possible.

I was saddened to hear that, instead of welcoming the good news, Labor's candidate for Forde was critical and questioned the timing. The fact is that last week I lobbied the minister like crazy to have this funding included in the current round of dairy RAP announcements. Beaudesert needs and deserves very positive news in the wake of AJ Bush's fire. I wanted to ensure that we secured the game meat processing plant for Beaudesert, especially given the uncertainty created in the aftermath of the fire. So I did my job and I fought for Beaudesert, and I make no apologies for that fact. I thank the Minister for Agriculture, Fisheries and Forestry for supporting the project and congratulate everybody involved with it. I look forward to seeing it create real local jobs and prosperity for the people of Beaudesert for many years to come. (*Time expired*)

World War I: Western Front

Mr QUICK (Franklin) (9.52 a.m.)—In the brief time allotted to me, I would like to raise an issue that is close to my heart. With the annual winter recess, parliament rarely sits in the middle of July and I never have the opportunity to speak on this topic on the actual day. On 19 July 1916, Australian troops fought for the first time on the Western Front. This year will see the 85th anniversary of this important battle. The battle took place at a small yet key village called Fromelles. The Australian troops involved in this battle were from the 15th Brigade and were led by an amazing man, Brigadier General Pompey Elliott. This commander had seen meritorious service at Gallipoli.

The reason why all of this is so important to me is that my late father, Vern Quick, served under Pompey Elliott as an 18-year-old in the 7th Battalion at Gallipoli. He then served under him as a 19-year-old in the 58th Battalion during the battle for Fromelles. What a disaster! I urge members to read Patsy Adam Smith's book *The Anzacs*. Chapter 22 gives an amazing account of what actually took place. I will read a few brief extracts:

... Fromelles was hideous.

... ..

The Australian 5th Division set off on 15 July on the forced march to the assembly line through crowded communication trenches, pushing their way forward for two days and two nights without sleep; before slumping to the ground on arrival they learned that none of the artillery, trench mortars or ammunition, not even they, the infantry, were in their final position.

... ..

On 19 July the men moved up once again, in bright sunny weather, in 'fine fettle' and at 6 p.m. the general advance began.

... ..

At 9 p.m. as arranged the 58th Battalion (15th Brigade) charged the by-now even more heavily defended Sugar Loaf, but the British 61st Division had cancelled their plan and the 58th had begun their attack before the belated message arrived. Like the first attack, this failed and more men died.

... ..

From the Australian line all that could be seen were white flares curving through the dust and smoke and the sound of bombing.

... ..

Of every ten men that went barely one came back.

... ..

All reports, diaries, letters and tape-recordings of the survivors of Fromelles tell of one thing: the scene in the trenches where wounded and dying were piled up. There never was, before or after, such a scene for Australians. The 5th Division had lost 5,533 men, 400 of these prisoners, as well as many wounded still out on No Man's Land.

One of these wounded was my father. I have had the privilege to visit Fromelles, walk through the city and actually walk across the fields and stand where my father fell. Luckily, he survived two days in no-man's-land and was then invalided home, at the ripe old age of 19, later that year, in 1916. As I said, this was a very important battle. It was the first battle that the Australians fought on the Western Front. It is a forgotten battle. I urge all members to read chapter 22 of Patsy Adam Smith's book *The Anzacs*, which gives a very detailed, graphic and enlightened description of that battle.

Education: Primary Schools Funding

Mr CAMERON THOMPSON (Blair) (9.55 a.m.)—While the Queensland teachers union is currently beating its members up in a political campaign, I draw the attention of members

to the more reasoned campaign being run Australia-wide by the Australian Primary Principals Association. I have had several meetings with the principals of schools in my electorate, particularly in the Ipswich area—those schools being the Brassall State School, the Blair State School and the North Ipswich State School—and I have found a great deal to recommend that the parliament look carefully at what is going on in primary schools and take note of the strategies we need to deal with the issues that arise there.

The primary principals have been raising the fact that, Australia wide, primary schools are given considerably less money to conduct their affairs than high schools. We are aware that the federal government's contribution to funding government schools has been increasing significantly, particularly in Queensland where it by far outstrips the state government's contribution in terms of growth. However, ever since the problem of low literacy and numeracy levels has arisen recently, there has been a lot of finger pointing from high schools down to primary schools about the problem.

Now that we have completed the transition to more careful scrutiny of what is going on in relation to literacy and numeracy under the measures introduced by the Minister for Education, Training and Youth Affairs, Dr David Kemp, I think we should look carefully at what strategies are needed to follow up on that and address the problems of literacy and numeracy. We should listen very carefully to what the primary school principals have to say. This issue definitely requires attention. We should not allow ourselves to slip back to where the situation was when Kim Beazley was education minister, whereby 30 per cent of people completing school could not read or write properly.

We should be looking at what strategies we need to back up the literacy and numeracy campaign. We should be looking at the amount of dollars being put into primary schools. Those dollars should be directed at a strategy to do something effective to follow up on literacy and numeracy problems. If young Australians have literacy and numeracy problems, it is certainly too late by the time they reach high school to address those problems there. It is essential that the problem be nipped in the bud, and I commend to members a close consultation with their local primary principals because those principals have ideas and I think it is important that the government be in a position to back them up on that.

Mr DEPUTY SPEAKER (Mr Nehl)—In accordance with standing order 275A, the time for members' statements has concluded.

SOCIAL SECURITY LEGISLATION AMENDMENT (CONCESSION CARDS) BILL 2001

Second Reading

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

That the bill be now read a second time.

Mr QUICK (Franklin) (9.58 a.m.)—I am delighted to be able to speak on the **Social Security Legislation Amendment (Concession Cards) Bill 2001**. When I saw it listed, I thought I was suffering from the first stages of Alzheimer's disease. Surely, I thought, we must have already discussed an issue that was the subject of a House of Representatives inquiry in October 1997. Looking at the committee membership, I noticed that I was lucky enough to be the deputy chair of that committee and that the honourable member for Canberra, who is sitting to my right, was a member of that committee. I honestly cannot believe that the minister responsible back in the 38th Parliament was so slack that it has taken until the dying stages of the 39th Parliament for this bill to get a guernsey.

In so many ways, this government is aloof, out of touch and very opportunistic. To my mind, it is now using the structure of the various House committees to try to serve its own and not the people's ends. With another report that this committee handed down, on indigenous

health, I know that the government's response took close on a year. The government's response normally takes three months, I think. Their report was dated March 2001, and we finally got copies in the House in June 2001, I think, and they did not even acknowledge the committee on the cover.

As I said, I well remember serving on the committee that produced the 26 recommendations, and good recommendations they were. It was a totally unanimous report and I am still proud to be serving on this great committee—the Standing Committee on Family and Community Affairs. The second reading speech of the minister responsible stated:

Since its election in 1996, this Government has sought to implement its commitment to a simpler and more coherent social security system that more effectively meets its objectives of adequacy, equity, incentives for self-provision, customer service and administrative and financial sustainability.

That is wonderful departmental gobbledegook. One of the things that we recommended back in 1997 was a mindset change. The first recommendation was a major overhaul of the concession card system. The second was:

To this end the Committee recommends that there be a single concession card, entitled the *Commonwealth Concession Card* ...

We recommended that it be issued under a certain number of conditions. Back in 1997, in the last century, when information technology was about to burst into bud, before it even bloomed, we were talking about smart card technology. The committee was presented with numerous examples of smart card technology—revolutionary stuff, where you could have a card and phone in money to the card, and you could put the card in and do wonderful things and swipe it at various outlets and the like.

So we thought, 'Let's be revolutionary. We have got half a dozen cards in social security, and no-one really knows what their entitlements are. We have two veterans' cards—the gold card and the white card, I think—and people aspire to one and they do not particularly like the other. State agencies accept various cards from the Commonwealth and they do not accept others. When you go and pay your rates, if you have got a particular card, you can get a concession, and if you do not have that card, you cannot. There is great confusion.' We came up with what I thought was a rather enlightening statement, that we should have one Commonwealth concession card. It said:

3. The Committee recommends that the Commonwealth Seniors Health Card should continue to be issued separately, until smart card technology enables full integration with other concession entitlements onto a single card ...

4. The committee recommends the conduct of a concession smart card trial—
which governments love to do—

involving the Commonwealth and selected State/Territory governments, within the next six months.
This was back in October 1997.

5. The Committee recommends that the concession smart card not require a Personal Identification Number (PIN) to access concessions.

6. The Committee recommends that smart card technology be gradually introduced in a matter conducive to enlisting the co-operation of cardholders.

Four years ago, people were wary of cards, but if I open my wallet now I probably have 20 of these things with a black strip on the back, and you can swipe them at almost every conceivable place, not only in Australia but overseas, and somewhere there is this massive computer that puts words up on the screen that say, 'Yes, you can,' or 'No, you cannot.'

What has this government done? In the second reading speech, the minister said:

The law currently covering concession cards issued by Centrelink on behalf of the Department of Family and Community Services is highly fragmented.

We told them that four years ago. Under Senator Jocelyn Newman's stewardship, nothing happened. Our recommendation 8 was:

The Committee recommends that before and during introduction of concession smart cards, there should be an extensive education campaign informing the target populations, particularly older people, how the new technology will affect them and how they gain access to concessions.

Recommendation 9 was:

The Committee recommends that the Department of Social Security and other agencies involved with design, implementation and information dissemination of the smart concession card take particular account of the importance of individual privacy, including the guidelines set out in the *Privacy Act 1988*.

The whole issue of privacy was thrown up to us continually: 'If we do this, and we have one concession card issued by the Commonwealth, the big issue of privacy is going to be the thing that raises the hackles of all the people who have got concession cards.'

I honestly cannot understand why, four years later when we have this bill, all that has happened is basically that we have, in part 2A.1, 'Concession cards, Division 1—Qualification for, and issue of, pensioner concession card'; a bit further on in the bill we have 'Division 2—Qualification for seniors health card'; and then 'Division 3—Qualification for health care card.' We still have three cards—no smart cards, no quantum leap from the department. All of us in this place are constantly badgered by people who have to go through the system or who have their information lost. We, and our staff, quite often have to go through the harrowing process of ringing someone in Centrelink and saying: 'Can you bring someone's record up on the computer? I have Mrs So-and-so sitting next to me. She knows for a fact that she went to centre A and gave this information. What is the problem?' And so on.

When computers came in we were supposed to have a paperless society. I would imagine that Centrelink is absolutely overwhelmed with the information that they receive on a daily basis. As I said, four years ago we thought we could change a lot of this and put it all on a smart card. Four years later nothing at all has happened, and all the bill has done is go through, in great DSS detail, subsection and clause, qualification rules, residential requirements and a copy of assessment of taxable income to the secretary, duration of waiting periods, and all that. All they have done is finesse the guts—if I may use such a nasty word—of the thing. That is all they have fiddled around with. We have still got three cards. People are still battling to get from one to the other and, basically, all the hard work that this committee has done is for nought. And when the minister responds I would like to think that he, in the dying stages of the 39th Parliament, will have gone and had a read—because I do not think he has—of this excellent report, *Concessions—who benefits? Report on concession card availability and eligibility for concessions*.

Some of us were revolutionary enough to say that the DVA should be on the card as well. But, as expected, the veterans put their hands up, lobbied, and said, 'No, we are a special little group.' I admit they are, but in this day and age those who are still alive—and there are not all that many of them, 22 from the First World War, a declining number from the Second World War, and even the Vietnam diggers are ageing—have got countless plastic cards in their wallets and are used to swiping them, at the garage to pay for their petrol, at the Greek shop to get something through EFTPOS, and even for something as simple as their groceries at Coles. So the great phobia has changed. I would like to think that, at the end of this year when we have had an election, the new minister will look at this report and accept some of the recommendations because, as I say, we are now in the 21st century, we now have the technology, people are now accepting of some person sitting behind a screen saying, 'Yes, Mr Quick, you can,' or 'I am sorry, Mr Quick, the card does not let you do this,' or staring at a bank screen that says

'Unavailable funds', and so on. The whole privacy thing has gone out the window. The only touchy bit is about doctors and doctors' records.

The minister said in his second reading speech that we now are aiming for a simpler and more coherent social security system. I think that is a load of absolute codswallop because, as I said, all they have done is finesse the guts of the thing. We still have got two DVA cards, three seniors health cards, the health care card and the pensioner concession card. As someone who is happily celebrating his 60th birthday today and able to get a seniors card if I lose my seat at the next election, I for one would love to have one smart card that enabled me to avail myself of not only Commonwealth concessions but also concessions at local government level and state government level.

In conclusion, one of the things that we discovered as we wandered around Australia was that we still are in the rail gauge era: each state has its own concessions and entitlements. So, although a person with a disability who lives in Tasmania has access to transport in Tasmania, if they wander over to Victoria people will say, 'I'm sorry, you're a Tasmanian, not a Victorian.' The small amount of money they are able to get as a travel bonus in one state does not equate to what they are able to get in another state. People still are saying, 'You're a Tasmanian,' or, 'You're a Victorian,' or, 'You're a Queenslander.' All this would be eliminated if we had one Commonwealth concession card. I ask the minister to address in his response—after all the speakers have made their contributions—what we recommended in the report. We are Australians. We have a Commonwealth entitlement. We should have one card—a smart card—and then we would not have the situation where, four years after these excellent recommendations were put forward, the government has come up with the [Social Security Legislation Amendment \(Concession Cards\) Bill 2001](#) but does sweet nothing.

Mr DEPUTY SPEAKER (Mr Nehl)—I thank the member for Franklin. I am sure the committee will join me in wishing him a very happy 60th birthday.

Honourable members—Hear, hear!

Ms ELLIS (Canberra) (10.12 a.m.)—As has been said by previous speakers, the [Social Security Legislation Amendment \(Concession Cards\) Bill 2001](#) consolidates the administrative provisions relating to concession cards in one part of the Social Security Act. The measure aims to simplify the administration of concessions cards granted by Centrelink. As has been said, the changes result from the report of the House of Representatives Standing Committee on Family and Community Affairs, *Concessions—who benefits?*, dated October 1997 and tabled in November 1997. I am very pleased to say that I was a member of that committee. In fact, it was the first inquiry in which I was involved as a member of this place.

The consolidation of the provisions relates to the pensioner concession card, which is called the PCC; the health care card, which is called the HCC; and the Commonwealth seniors health card, which is called the CSHC. The bill gives effect to these changes by making amendments to four acts: the Social Security Act 1991, the Social Security Administration Act 1999, the Health Insurance Act 1973 and the National Health Act 1953. These cards amongst other things provide access to concessional pharmaceutical benefits under the National Health Act 1953. They may also be used to access a range of other benefits provided by state and territory local government and many businesses. These legislative changes reflect, in particular, recommendation 24 of the committee's report. As a member of that committee, I welcome them. The inquiry was referred to the committee by the then Minister for Social Security in June 1996, and the committee report was, as I just said, tabled in November 1997.

It is worth looking at the report, in particular the beginning of chapter 8 which deals with the legislative and administrative framework part of the inquiry. The committee was moved at

the time to include at the beginning of this chapter a quote, which I would like to share with you, Mr Deputy Speaker, and other members. The quote reads:

At the moment it is a fairly tortuous route for the legislation to be changed.

That was a quote from the transcript of evidence from the Commonwealth Department of Health and Family Services at the time. How prophetic could a quote have been?

At the moment it is a fairly tortuous route for the legislation to be changed.

Here we are almost four years later debating that very issue. Given that the government's response to the committee report was to accept recommendation 24, it has taken an inordinate amount of time to get to the stage we are at today of actually debating the legislative changes reflecting the recommendation. On 7 December, in the second reading speech of the bill, the minister said:

The Social Security Legislation Amendment (Concession Cards) Bill 2000 is a further step towards meeting the Government's objectives to achieve a simpler and more coherent social security system because it represents a major simplification of the law relating to concession cards.

Yes, it does. But it is sad that it has taken so long to get to this point. If, in fact, this issue were a life support system then those with concession cards would all be dead by now. We need to question the government's timetable and priorities, particularly when, as I just mentioned, this bill was presented in December. That is almost seven months ago. It took three years to get the bill to the House and it has now taken, after it has come to the House, another seven months to get it from a piece of print on the *Notice Paper* to actually being debated. I am a bit sad about that, as are other members who have reflected on this. It took three years to get the bill to the parliament and six months to get it to this point after it reached the House.

I refer to the government response to this committee's inquiry and report and, in doing so, hopefully add thoughtful comment as to exactly where we are with the progress of simplification of bureaucratic requirements through the government administration. I take up and agree with what the previous speaker, the member for Franklin, said in relation to the single card issue. There would be, as the committee—if I recall correctly—considered at the time, some questions to be thought through and some issues to be dealt with, particularly those of privacy and the process of streamlining the massive amount of information by collating it and putting it into one card system. By the same token, there is no question in my mind that it is both possible and acceptable to the majority of the community to now go down that sort of path. We have the technology, we have the know-how and we have the ability to handle the privacy issues. I think it is a bit sad that we are bypassing something that could have been rather exciting to delve into.

The response by the government to the recommendation of a single concession card is also interesting to think about. I share it with the House today:

The government will examine the benefits and the developmental requirements involved in introducing a single concession card. The use of a single concession card would be dependent on the ability to use the card to differentiate levels of entitlement.

Sure, that is incredibly obvious. The response continued:

In supporting the introduction of a single concession card the Government notes that it impacts mainly on State and Territory Governments as the major deliverers of concessions and that the concession system operating in each State and Territory will differ.

Yes, that is why we had the inquiry. It concludes:

Therefore any plan to introduce a single concession card would require full consultation and ongoing operation with these jurisdictions.

In that response, the government says that it would examine the benefits and the developmental requirements. I would like to know what the outcomes of those inquiries have been. I

would like to find out from the minister whether that work has been done and, if it has, to what degree it is now ready for some form of consideration—be it done within the bureaucracy, by parliamentary committee or by public comment. It is interesting that we are celebrating the Centenary of Federation this year, and yet a lot of the things that we are discussing in this report and in this consideration keep bringing us back to federation: the reasons we cannot do things are state and territory government roles.

I would like to think that, in celebrating the Centenary of Federation, we could be modern enough to look at the ways we could develop the next step of federation—in fact, a collegiate one. Let us be brave. Let us actually look at a new federation. Let us see what is possible. As the member for Franklin said, do we have to be forever gummed down in the rail gauge mentality in this country? Are we going to use forever that sort of reasoning as the excuse for never advancing anything? Well, you never know; it might be quite possible after the next federal election, should we be fortunate enough to be endorsed by the Australian people—and that is yet to be seen—with a majority of Labor state and territory governments and a federal one, that a new federation may be able to be examined, with a bit of collegiate agreement.

The other recommendation which rings very loudly in this vein is the one to which the member for Franklin paid regard very briefly; that is, recommendation 23, which relates to the disabled taxi transport subsidy. The recommendation was for the Commonwealth to initiate a negotiation process among all state and territory governments regarding a disabled taxi transport subsidy with a view to establishing a national scheme of reciprocity. Nothing could be better for those folk out there who need this sort of transport than to see that sort of innovation.

The response was that the recommendation had been noted; that the Commonwealth supports the principle; and that any initiatives towards interstate reciprocity of taxi services were the responsibility of those governments. That is true, but can't the Commonwealth have an overall view of how the country operates? Is it enough for a Commonwealth government of any political persuasion to say, 'If you live in New South Wales, you'll get X number of taxi rides; if you live in Western Australia, you'll get a different number, and if you live in Victoria, you'll get another number, and we don't really care because it's up to all of them to do that'? Is it sufficient for us to sit as a Commonwealth parliament and for the Commonwealth government to adopt that and be happy with it, or should we in fact be more active? Should we be more inventive? Should we start pushing a few envelopes and see whether or not we can start to invent a new form of federalism which gets rid of the rail gauge mentality? I do not think it is good enough. It is predictable and easy. It is probably very difficult to understand how we could do that. I do not know whether we could achieve it. Unless we try, we will never know. In the meantime, we still have this theme of what you get depending on wherever you are and wherever you live. I think it is a bit sad if we are going to sit back and take it and not have any wish to change things.

I welcome recommendation 24 of the report, which has led to the introduction of this piece of legislation. I would have welcomed it a long time ago, if it had come up any earlier. I fear that the indigenous health report will be treated in the same the way as this one has been treated—that is, slowly and tortuously, if at all. I happen to be a very strong supporter of and am totally addicted to the committee work of this parliament. I believe in it very strongly. I believe that the parliament to which these committees report is forever enriched by the work that they do.

The work of these committees offers enormous potential based on a very high degree of experience and input from members of all parties in this place. I think it is very sad if we sometimes see, probably a little more often than we need to—and not just by this government, to be fair, but by governments—a reluctance to grasp the nettle when these reports come out.

Sometimes they come up with things that do prove difficult to implement—for instance, getting rid of the rail gauge mentality in relation to concession cards. But so be it. If the people who are working on these reports raise unanimous considerations after a great deal of work and after having the opportunity to speak with a wide range of people, they are not being fanciful. They are in fact producing information based on very good evidence that things can sometimes be done. I would like to think that any government of the day would have the intestinal fortitude to try to see how many edges can be pushed aside.

I would like to finish by again welcoming this and saying that I am sorry this is as far as we seem to be going at this stage. That is not in any way denigrating this bill but I wish there had been a bit more to it. I wish that we had in fact seen a little more innovation come from it. I was under the possibly naive impression—as a new member of this place in 1996—when this reference came to this committee, which I was a brand-new member of, that at the end of the day we would have seen some action. We are seeing some, but very slowly and very selectively. I would like to think that at some point in the future we will see some more action come from this and also some more serious consideration being given to how much better we can make the concession card system around this country operate for everybody—for government, for the consumer who holds that card in their hand, and for the people who are providing services to that cardholder—so that the bang we get for our buck is better all the way around and we really do get a great deal of benefit from those processes.

Mr HARDGRAVE (Moreton) (10.26 a.m.)—I am pleased to rise to support the measures contained within this [Social Security Legislation Amendment \(Concession Cards\) Bill 2001](#) and would like to acknowledge the contribution of the previous speaker, the member for the Canberra. I am very well aware of her commitment to this general area and appreciate so many of the comments that she has just made in support of this legislation. I share a lot of her frustrations too but I will put a different edge to the way I express my concerns. I see what is before us as part of the incremental process of government of change for the good. It is change for the betterment of average Australians.

Like the member for Canberra, I often want to see quick changes and things happening in a faster way. The way federation operates—and the rail gauge mentality which is restricting changes through all state jurisdictions—is certainly pathetically alive and well 100 years after the founding fathers created this country. Of course, part of the problem is that this, in itself, is a strength. Federation brings the best sets of ideas to the fore. One would hope that, with federation working properly, if the best idea was out of Western Australia all states would want to grab it.

If you want to talk about the rail gauge mentality, the best set of railway tracks laid anywhere in Australia are in Queensland. I am not saying that because of my partisan affection for the greatest state of Australia and the fact that State of Origin is on this Sunday night—go the Maroons—but because the simple facts are that the non-standard gauge in Queensland is the best laid track anywhere in Australia. It is simply true. The great impediment to rail travel is in the state of New South Wales which has the standard gauge. Every time the Commonwealth lays any more track to try and help with exports, what ends up happening is that the New South Wales government railways throw their city trains onto the Commonwealth laid track and simply clog up the system further. We have a rail gauge mentality, to use that terminology, operating not just in the railway systems where we have 13 types of signalling systems and seven types of safety standards for fire jackets—or it may be the other way around. But 100 years later, it is awfully frustrating, as the member for Canberra said, to see how slow the pace of change can be.

This legislation is a step forward in the process of trying to simplify by standardising the treatment of concession cards. We are taking a bunch of cards that are in one department and putting them into another department. If the aspirations of the member for Canberra and the

member for Franklin for a single smart card—using technology imprinting the data associated with that cardholder on it—were ever to come to bear, you would need to go through this stage. The lament of those opposite for progress is being more than met by this government. All this is borne out of fine work done by the House of Representatives standing committee which looked at who benefits from various concessions that are being offered around Australia.

There are competing standards. There is a huge jurisdictional problem. I have only to look at what goes on in my own area to note that we now have the Brisbane City Council unable to fix roads and footpaths and blocked drains and other council type problems in an efficient manner, yet they want to embark upon social welfare and drug rehabilitation programs and assisting people who need welfare housing. This is yet a third level of duplication of work done by state governments and the Commonwealth government. It is, if you like, a further step away from the aspirations of most sensible members in this place: to try to meet some reasonable standard level of expectation for concession card holders around the county.

The concept of the new federation was talked about by the member for Canberra. It is frustrating to note, across all portfolio areas, the way various state Labor governments work so hard to frustrate Commonwealth reforms—such as those in industrial relations to help create jobs, by insisting that workers be tied to state industrial relations awards. You can look at the way literacy and numeracy reforms were frustrated by state governments as the Commonwealth tried to bring in a standard, and you can look at the varying levels of fuel taxes, with Queensland essentially having none and New South Wales having a massive one.

I hope those opposite are not suggesting that in Labor's new federation, if they are elected at the next election, we will see a standard fuel tax collected by all states. I hope Labor are not suggesting that. I hope they are not suggesting that, in fact, there will be an imposition of centralised rule across all states to do with those sorts of matters—and any other matter for that matter—because in a federation there has to be cooperation. That is what has made this country so democratic and so free. Democracy is a pretty frustrating process sometimes but it is miles better than all the alternatives we have seen in the past 100 years—that is for sure.

This particular legislation is to consolidate within the framework of the social security laws all the rules which relate to the issue and holding of three types of concession cards issued on behalf of the Department of Family and Community Services: the pension concession card, which is issued under the National Health Act, the health care card and the seniors health care card. There is actually a legislative basis for only one concession card, and that is the seniors health care card, and the issue and holding of pensioner concession cards and health cards is governed by administrative rules. All of this is covered by provisions in the National Health Act of 1953 and the Health Insurance Act of 1973. There are, of course, consequential amendments to the National Health Act to provide that a person holding a pensioner concession card, a seniors health card or a health care card, under social security law—or a dependant listed on such a card—is a concessional beneficiary for the purposes of that act. Under the health act a person's status as a concessional beneficiary gives them and their dependants an entitlement to various pharmaceutical benefits and similar concessions.

This government, in this particular area of concessions, has widened the range of possibilities for people, provided practical assistance to those who need it and imposed additional burdens on some who may not need it—and there is nothing easy about that. It is beholden upon everybody who gains access to various concessions and benefits to stay in touch with the Department of Family and Community Services, and with Centrelink and other agencies, because while we, in this place and on this side of the chamber especially, have been very innovative over the years in the way we have brought new benefits and concessions forward to Australians in need, we also demand that people understand that right is balanced by a re-

sponsibility to deal honestly and to concede exactly what their income circumstance is and what their property circumstance is, in order to not mislead and therefore cause a misallocation of important resources in the form of concessions and benefits.

There will be a bit of pressure in a few families over coming months as this government attempts to ensure that the brand-new and broadened level of family payments is properly applied and that we see families in need getting access to—or greater access to—more payments, balanced by the fact that some families whose circumstance changes and income stream improves have to be prepared to hand those sorts of benefits back. It is a reasonable expectation that the relationship is not just one way; it is not a right to receive concessions and benefits. They also have to understand that they have a responsibility to keep in touch with the issuing authority.

Mr Deputy Speaker, if you look at what we have done for people who are in receipt of these sorts of concession cards during our time in office, you will see that we have provided a guarantee that the pension will remain at 25 per cent or more of average weekly earnings. That is the first time that has occurred. We have increased pensions and we have indexed them ahead of inflation every six months. That means those on a pension receive the pay rise before the price rise instead of having to continually play catch-up, watch the prices rise and wait for an increase in benefit from the government. We have raised the tax-free threshold for retirees, cut income tax rates, increased the seniors tax rebate and raised the threshold for pensioners and part pensioners. Financial institutions duty and stamp duty on shares have been abolished and the Medicare threshold has been increased to \$20,000. We have allowed excess imputation credits to be claimed, we have extended the health care card to an additional 50,000 Australians and we have increased overall expenditure on health and aged care.

Those measures must be coupled with the fact that there are fewer people unemployed and therefore fewer people having to claim access to these sorts of cards. At the same time we have decreased the Commonwealth debt that Labor clocked up over their last five budgets by over \$60 billion. So this area of concession cards can be amended and applied in a far more beneficial way to those who truly need access to it. We believe very strongly in providing the sort of support that is contained in this measure—the streamlining of arrangements which bring together in a consolidated way these various concession cards to make them easier to administer. We will, in time, be including other cards and concessions within its framework, provided that various state governments want to cooperate and do not want to place a unique stamp across the concessions and range of benefits that they offer people who receive these cards.

Whilst I certainly accept the proposition from those opposite that there are further things which can be done as far as using technology is concerned, for those who want to opt for a one card, smart card kind of concept, the point is that this government is working very strongly towards making it easier for those who receive concession cards to understand what their entitlements are and, moreover, what their responsibilities are. I commend these measures to the chamber.

Mr ALLAN MORRIS (Newcastle) (10.37 a.m.)—The government, in its second reading speech on the [Social Security Legislation Amendment \(Concession Cards\) Bill 2001](#), placed great emphasis on bringing coherence to the social security system, the objectives of adequacy, equity, incentives for self-provision and so on. The Minister for Community Services stated that the bill was an ongoing process to ensure that the social security system achieved a simpler and more coherent outcome. They are all very fine words and it all sounds terrific, but like most things this government does you have to look below the surface, and then you find the worms—and they are particularly bad with respect to the system of concession cards.

I want to ask the government, including government backbenchers, why on earth they let this happen with the transport card. We now have a system under which people are being breached if they fail to keep an appointment. Whether that is justified or not is another issue. The way the government interprets those breaches imposes a second punishment of a substantial nature. We need to recognise that the breaching provisions impose a penalty that is vastly greater than any normal court would provide. The penalty for social security breaches is probably greater than for driving under the influence, burglaries, assaults and robberies. We are talking about taking away something like 18 per cent of a person's income for six months. That is a pretty substantial amount for anybody.

What then happens is that, because the person is no longer receiving in their hand the full benefit, they lose their entitlement to a concession card and a transport card. The government punishes them for not complying with its requirements that they seek employment and the like, and then removes their capacity to look for jobs. For them to have to pay full fare is another punishment. It is hard to follow the logic of this, other than to say that the government constantly is about punishment. This is a very mean and nasty exercise. The government now says, 'It's not our fault; it is the state government's fault.' There is a stream of occasions where the government is mean on the one hand and then tricky on the other in saying, 'It's not our problem. It's the state government's problem, because the transport card is their problem.'

I say to the minister and to the government members that it is not the fault of the state governments, it is your fault. You are taking the breach as a fact of income, not as a fact of garnisheeing. I will explain what a breach really is. A breach occurs when a person is fined or punished for particular behaviour. Their entitlement, as such, still should be to the full amount. But a portion of that entitlement is being taken off them before it is paid into their account—which is fairly common in the case of fines and garnisheeing—as a form of penalty. The government are saying, 'No, it's not; their entitlement is actually being reduced.' The misuse of these words gives quite a different meaning from the meaning most of us would expect. If I ask people, 'Is a garnishee a loss of your wages or a lowering of your wages?' they would say, 'No, it's not. You get your wage and money is taken out of it before it gets into your bank.' The government say that breaching is a reduction in the payment system.

Those security payment systems are in tiers. There is the full payment system entitlement and there is the part payment system entitlement because you have a breach. In other words, the government are saying that the breach affects your entitlement. But the percentage is on the payment made. If you get only two-thirds of a normal social security payment, the breach would affect that two-thirds payment. But the government are saying, 'No. Because the payment they are getting is less, they are not entitled to full provisions.' The obvious reason for all this is that if a person normally does not get a full entitlement it is because they have other income. If they are earning income and their entitlement is reduced because of that income, that is the entitlement process. The entitlement is itself reduced because of the other income. This means that, if they then lose their transport card, they have other income to help make up the difference. In other words, they get less income from social security, because they are earning more in a part-time job, but their capacity to pay the full transport cost is therefore reasonable or sustained.

The government now is equalling the experience of a person losing income from a breach with that of a person getting extra income. The government is saying that the entitlement therefore is different. The fact is that the entitlement of a person on a full payment system is the same as the entitlement of a person who is in breach; they still are notionally entitled to the full payment. But the government is taking 18 per cent of the payment away after it is effectively awarded. To work out the 18 per cent you have to have the payment first, not afterwards, whereas in the case of the person with income, the entitlement is worked out taking

their income into account. It is quite different. It is really interesting. I got a letter from Minister Vanstone—I do not know how some of these people sleep at night—following a representation from me on behalf of a Mr Cockroft:

I note Mr Cockroft's concerns that he has been made ineligible for a transport concession card because he is not in receipt of his full Commonwealth payment, Newstart Allowance. The eligibility criteria for the New South Wales Half Fare Transport Concessions Card are set by the New South Wales Department of Transport.

The fact is that he is entitled to the full fare. This government is taking away part of it. The man is entitled to the full payment. The fact is that he is not getting it because he has been fined. Traffic fines—or any other fines—should not be taken into account as part of a person's income system. This government does so. This government says that this situation destroys his entitlement level. The government likens his entitlement, his payment, to the entitlement of a person who has a part-time job. I find the hypocrisy and contradiction of this so distressing.

I do not know whether many of my colleagues have come across this to date. If they have not, they will, because it is being enforced all over the place. When people who are being breached go to renew their concession cards, they will find they cannot get them; they are no longer eligible because they are not getting the full payment. That is what the federal government says. The federal government is interpreting their breaching as reducing their entitlement. The New South Wales transport system works on the basis of entitlement. It would not give a damn whether a person is being fined or whether the money is being garnisheed. Just think about it: a supporting father, a sole parent, in receipt of a full benefit, who is required to pay \$5 a week towards the maintenance of a non-custodial child, would lose their transport card because they have been fined. That is what this means.

I wonder whether people opposite have actually thought about what they are doing. I wonder whether Senator Vanstone read her own letter and thought about what it actually meant. As I said, the taking away of \$5 a week from a non-custodial parent for child support effectively removes their entitlement to a transport card. What on earth are you people up to? What on earth are you doing? You wonder why Shane Stone called you mean and tricky. What kind of deceitful, deceptive nastiness is that? You are knocking off people's entitlements and benefits—and for what reason? I fail to understand it. We get mealy-mouthed words about equity, fairness and coherence in speeches from ministers and backbenchers in order to show their benevolence. It just makes me ill. It really makes me angry. I do not know where I can turn to when governments act like that.

When I write to the minister and say, 'Minister, do you understand this is what you are doing? You are treating a breach as a change in the entitlement rather than a removal of part of the income,' the minister, in answering my letter, does not even address the question. The minister flicks it to the state government and says it is all their fault. The fact is that breaches have gone on for a long time. This stuff has only just started, so what on earth are you up to? It is a shame that the minister is not present in the chamber in order to respond to these matters, because nobody can get away with this nonsense about being fair, equitable and coherent when those kinds of anomalies not only exist but are defended by a minister who completely ignores the implications.

The fact is that people receiving reduced payments because of breaches have not had their entitlement reduced; part of the money is just being taken from them. It is a fine; it is a garnishee. But the way it is now being interpreted means that their entitlement has changed, and because they are not entitled to the full payment they are not entitled to a concession card. If one thinks about what that means, one realises that there are tens of thousands of people in the community affected by breaches. There are non-custodial parents paying \$25 a week towards their child, all of whom will be affected. When you write to the minister and say, 'This must

be a mistake. I'm sure you understand that this isn't really what you intended,' the minister writes back, 'None of my business, it's all to do with the state government.'

We know that it is not. We know that, years ago, we negotiated with the state governments about concession cards. We tried to get a uniform system across the country for concession cards. The Commonwealth pays the state governments a lot of money to top up concession cards for part pensioners and the like, so that we can have a uniform, coherent system. It used to be coherent. As I said, I find the words in the second reading speech about coherent systems hypocritical. The fact is that it was coherent; it was uniform. People could see the transparency of it and they could see how it applied.

Increasingly, this government has made the system incoherent, contradictory and divisive. It is actually picking on the people who are least able to defend themselves, and it is punishing them a second time. The 18 per cent breach for 26 weeks is a huge punishment for people. Often it is for a very minor infringement. Many of these people have quite substantial personal problems. If they miss an appointment because they are involved in a difficult set of circumstances, or for whatever reason, the punishment imposed on them is massive. It is now being imposed by the Job Network providers almost as part of a bonus system for them—the more they breach, the better pay those networks get. So there are now incentives in the system to breach people. Having breached them, having wiped out one-fifth of their income for six months, the government now says, 'By the way, you can't get transport concessions now. You're not getting the full payment, therefore you're not entitled to a transport card.' We all know that that normally means there is other income; in other words, a person has got more money coming in than they would normally have. So to equate breaching with having a part-time job, and therefore extra income, is worse than deceptive; it is quite malicious.

I am bringing these things to the parliament's attention yet again but, to be honest, not with much optimism. I wrote to the minister, and that should have solved the problem. We write to ministers to bring things to their attention. We expect them to think about what we put forward and to respond with some form of depth. To get a three- or four-paragraph response which basically ignores the issue, flicks it to the state government and blames the state government for what the Commonwealth is doing is absolutely reprehensible.

This government does not deserve to be in office; it does not deserve the confidence of anybody. A community would not consciously do that to its most disadvantaged people. This government does not represent our community; it does not act on behalf of all Australians; it does things almost daily which are nasty, divisive and on the personal agenda of members of the government. I am bringing this matter to the attention of the parliament in the hope that other members may pick it up, particularly in the hope that there are a lot of people on the government benches who are good, honest citizens who would share these concerns.

I am asking members of the government backbench to recognise what their ministers are doing and to start holding them to account. Unless someone starts to take action, thousands of Australians are going to be even more disadvantaged, even worse off and even more alienated. What do people do when they are alienated? If no-one cares about them, why should they care about anybody else? What we are doing is breeding anarchy and divisiveness in the community, which will have enormous consequences, and we know it. The government cannot plead ignorance, because we know it is happening. Today I call on all government members outside the cabinet to take up this issue. To lose a transport card because you have been breached or are paid child allowance or some other benefit—where the loss of the benefit is punishment rather than because you have other extra income—is incompatible with the system. It is incoherent and it hurts those who most need our support.

Mr SNOWDON (Northern Territory) (10.52 a.m.)—I am pleased to rise and make a contribution to this debate. As we know, this **Social Security Legislation Amendment (Conces-**

sion Cards) Bill 2001 consolidates the administrative provisions relating to concession cards in one part of the Social Security Act. The measures aim to simplify the administration of concession cards granted by Centrelink, and the changes result from the House of Representatives Standing Committee on Family and Community Affairs 1997 report entitled *Concessions—who benefits? Report on concession card availability and eligibility for concessions*.

The consolidation provisions relate to pensioner concession cards, health care cards and the Commonwealth seniors health card. The bill gives effect to these changes by making amendments to four acts, including the Social Security Act 1991, the Social Security (Administration) Act 1999, the Health Insurance Act 1973 and the National Health Act 1953. These concession cards provide access to concessional pharmaceutical benefits under the National Health Act 1953. They may also be used to access a range of other benefits provided by state, territory, local government and many businesses.

The House of Representatives standing committee to which I referred recommended that the legislative framework be rationalised to include the bulk concession entitlement provisions in the social security law rather than in legislation administered by the then health and family services portfolio. I think it is a good thing that there should be only one card and, doubtless, those who have access to these cards will benefit. What I am concerned about, though—apart from the arguments which my friend the previous speaker referred to, which I think are relevant arguments—is the number of people who do not get access to these cards, not necessarily because they are not entitled to them but because they are not in the system.

I refer to my own electorate, where I know, as a matter of fact, that very large numbers of people are not within the system. The thing that concerns me is that, because they are not within the system, not only do they not get access to these cards but they do not get access to other income support. I commend the government on an initiative contained in the last budget to extend the number of Centrelink offices in regional areas, particularly in communities around my own electorate. I say that because I had the experience of visiting one of them, at Maningrida. Maningrida is a community which services an area containing 2,200 to 2,500 people on the northern Arnhem Land coast. It is very isolated during the wet season, when road access is not available. The only access is by plane or barge.

The reason I raise this matter is that a Centrelink office has been opened at Maningrida and, as a result of that, an additional \$54,000 per fortnight is coming into that community. What this tells me is that a large number of people were not accessing their entitlements, and they were not accessing their entitlements for a whole range of reasons. But it also tells me that there are literally hundreds, if not thousands, of people in the Northern Territory alone who are not accessing their appropriate entitlements under various pieces of Commonwealth legislation. There are a number of reasons for this, and I will come to those in a moment.

I will give another example. In Alice Springs, there is an organisation called Tangentyere Council. When they started their CDEP program—currently their CDEP program has about 300 participants, maybe slightly fewer or slightly more—the average income of town campers was \$3,000 per annum. Let us contemplate what that means. This represents income for adults in these town camps around Alice Springs of \$60 a week.

I want to talk about these matters because, whilst I endorse the proposal for a single card, you have to be able to access the card. To access the card you must be in the system. And to be in the system, you have got to make application. In the case of Tangentyere, they have a financial counsellor who is funded by the Commonwealth. There are five financial counsellors around the Northern Territory. The financial counsellor based at Tangentyere assists with tax returns. As a result, these people are now in the system. They are getting access to their benefits and entitlements—but only fortuitously, because of the employment of this financial counsellor, which was an initiative of the previous Keating government.

It makes me very concerned about the large numbers of people who currently do not have access to a financial counsellor and have probably not filled in a tax return or had a tax return filled in for them for many years, if at all. I know for a fact that many people, especially those who live in outlying communities, who receive pieces of official correspondence, such as the correspondence they might receive from Centrelink, cannot read or write. In many instances they will not have people to assist them in interpreting the information which is contained in that documentation. This is an important matter.

The point I wish to make is that, in Central Australia alone, very large numbers of people have English as a second, third or fourth language. They have no literacy skills in English, let alone in their own languages and, if they are lucky enough to have it in their own language, a lot will not have it in English. In the case of Central Australia, there are a large number of language groups: Central Arrernte, Eastern Arrernte, Western Arrernte, Warlpiri, Wurrungu, Kaytej, Alyawarra, Anmatjere, Pertame, Luritja, Pintubi, Pitjantjatjara, Yankunytjatjara and Ngaanyatjarra—just to name a few. Then there are the Top End languages—Gunwingu, Gunavidji and Gupapuyngu.

These people live in isolated communities away from Centrelink offices and away from the assistance of financial counsellors. They are falling through the net. As I said for the benefit of the minister, I support the initiative of the government to expand the number of Centrelink offices. I think it is a very important initiative, but I want to highlight to the government the fact that, regardless of what they believe, very large numbers of people are getting no access to their proper entitlements or benefits. In relation to this legislation, they will not access these cards. They will not access these cards because they cannot make an application and they will not even be aware that they are entitled to the cards.

As was mentioned yesterday, the coalition is clawing back family tax. How are the large numbers of people who, as I assert, have English as a second, third or fourth language, and many of whom are illiterate, supposed to come to terms with the government's requirements for their entitlements or obligations? If those people are lucky enough to be in the system, they live in a community where there are financial advisers—of which there are only five around the Northern Territory—or they live in a community where there is a Centrelink office—and there is currently only one outside Darwin in an Aboriginal community, and that is at Maningrida. Unless they have a community council or a local government council which has the resources to provide them with the sort of advice they need, then they will inevitably fall through the net.

I know of a number of communities which have people under contract to the social security department to provide services, but they do not provide the full range of social security services. Unfortunately, despite their best will and best intentions, they are not able to cover the field. I know that, in some instances, the contractual arrangements with Centrelink are such that communities have said to Centrelink, 'We will no longer undertake this obligation for you because we are not being properly remunerated. The cost that you are imposing on us is an unreasonable burden on our organisations, on our council and on our community.' That is not reasonable.

I say to the minister that, if he is not aware of it, he should make himself aware of it. It means that the people who are most in need in our community are suffering as a result. These are the very people who, if they happen to have made a wrong estimation of their income—if they have actually made an estimation of their income in the first place, which is unlikely given that they will not have accessed the system—will be most damaged by the clawback under the family tax arrangements. Lest you think that what I am saying bears no relation to reality, let me give you an example. Willowra is an Aboriginal Warlpiri community 330 kilometres north-west of Alice Springs. The next closest community is 150-odd kilometres away

at Ti Tree, which is on the Stuart Highway, and from there it is a further 180 kilometres to Alice Springs.

Willowra has a population of around 450 and it has 50 dwellings. A large proportion of those dwellings are regarded as unfit for habitation; nevertheless they are occupied. None of the indigenous houses has a telephone. There is a mail service once a week. There has been no CDEP in the community since ATSIC withdrew funding in 1999. To phone Centrelink, residents of Willowra use a limited number of public phones or they use the phone at the council office. Madam Deputy Speaker, can you imagine being a person in this community—perhaps a young mother with limited education and young children in tow—in a crowded council office, talking to a call centre based Centrelink officer in another state and in a language that you have learnt third-hand? Also, you would not know your birth date, you certainly would not have access to a birth certificate, and you would not have a driver's licence or other forms of personal identification. This is a certainty that faces many indigenous Australians wherever they might live, but it particularly faces people who live in remote communities.

It can be argued that indigenous call centres have been set up especially to assist indigenous clients. But how many of these call centres have available to them people who can speak one of those languages that I referred to earlier—Warlpiri, Arrernte, Anmatjere, Pitjantjatjara, Ngaanyatjarra, Gunwinggu, Gunavidji—or any of the plethora of languages across Northern Australia? The truth is that these people are being discriminated against—unwittingly perhaps, but nevertheless discriminated against—and extremely disadvantaged. This leads to people effectively being an underclass in our community. I ask the minister to contact the call centre in Darwin and ask them how many languages they speak. Ask them whether, if someone rings up, they will be able to respond to them in Warlpiri, Gunavidji, Gunwinggu or in any number of the plethora of languages that operate up there. The fact is, they will not be able to do that, although they might have a limited knowledge of some languages.

Mr Anthony—They do a great job.

Mr SNOWDON— Let me make it clear, Madam Deputy Speaker, through you to the minister, that there is no doubt about the hard work that Centrelink officers do. Let me make that very clear. I am not arguing about that—I am arguing about the nature of the service that is provided and the lack of resources. Ignorance does not help the minister. Until he understands the nature of what I am talking about, I suggest he close his trap.

The other thing that comes along with this poverty trap that people are in, partly as a result of not having access to these entitlements, is the issues that arise out of the extreme poverty that many indigenous Australians suffer. I note with interest the various discussions which have taken place over recent times about the nature of welfare, whether or not Aboriginal Australians are welfare dependent, and what they need to do to get off it. You cannot continue to blame the victim if the victim is not aware of their entitlements because they do not have an educational background sufficient to be able to understand the documentation they are receiving or because they do not speak, read or write the language that they are receiving the documentation in.

Until we address the appalling lack of social and community infrastructure across regional and remote Australia, there is one thing you can be certain about: you will not alleviate or even go anywhere near alleviating the dire nature of poverty in these communities. The flow-on effects of this to the rest of the community in terms of health, family violence and other issues ought to be obvious to everyone. I note that, in a paper titled 'Domestic violence—findings and recommendations of the National Committee on Violence', Chappell and Strang state:

Violence generally is more common in those societies characterised by widespread poverty and inequality. In Australia, both victims of violence and violent offenders tend to be drawn from the most

disadvantaged socio-economic groups. Although we do not know whether a direct relationship exists between poverty and domestic violence, we can assume that stress engendered by poverty may play its part.

Straus et al have found that poor unemployed men more often live in violent households than those whose families are more affluent.

Cultural disintegration may also play a role in the loosening of social prohibitions against violence. Large segments of the Aboriginal population experience feelings of alienation because of their status as marginal members of our society. In such communities violence of all kinds, including domestic violence, is frequently found on an appalling scale. The committee believes that breakdown in traditional prohibitions, and lack of identity with alternative values, plays a part in the high incidence of such violence in Aboriginal communities.

People are given the status of an underclass because of where they are, who they are, where they live and what their cultural background is and—without question in my mind—the high levels of poverty that they experience. I say to the government that, whilst I support this legislation and the rationalisation of these cards, it is important to acknowledge—and I ask the minister to do this with good grace—that there are large numbers of Australians, particularly Aboriginal Australians who live in remote communities, who will not access this card. It is not because they do not want to and not because they are not entitled to it but because they are not aware of their entitlements and because they are not in the system. No-one is there to advise them in a way in which they can properly comprehend or understand.

Mr Tuckey—What about the advertising program?

Mr SNOWDON—Well, we talk about advertising programs. It would be of far more benefit if you were to put in place sufficient field staff who were appropriately and culturally aware—in addition to those staff already available—and could ensure that these people get access to their proper entitlements. There is no excuse for us, as we live in this new century, to tolerate any longer the dire poverty that many Australians experience, particularly those who live in remote and rural areas. It is about time that governments of all persuasions understood their obligations to those people as part of our Australian community. (*Time expired*)

Mr ANTHONY (Richmond—Minister for Community Services) (11.12 a.m.)—in reply—I would like to thank all honourable members for their contribution to this debate. The **Social Security Legislation Amendment (Concession Cards) Bill 2001** is part of the government's ongoing commitment to simplifying the social security law. Parliament has already enacted in this sitting the **Family and Community Services Legislation (Simplification and Other Measures) Bill 2001**. While the **Social Security Legislation Amendment (Concession Cards) Bill 2001** can be characterised as another housekeeping bill, it is housekeeping that affects the rights of all holders of concession cards issued by the Department of Family and Community Services, and it is pleasing to see that the bill has the support of all parties.

The bill codifies, within the framework of the social security law, all the rules relating to the issue and holding of the three types of concession cards issued on behalf of the Department of Family and Community Services: the pensioner concession card, the seniors health card and the health care card. It does this by amending the Social Security Act 1991 and the Social Security (Administration) Act 1999. It also makes the necessary consequential amendments to the Health Insurance Act 1973 and the National Health Act 1953.

At the moment the only type of concession card that has a legislative basis is the seniors health card. Administrative rules govern the issue and holding of pensioner concession cards and health care cards. The entitlement to concessional pharmaceutical benefits for pensioner concession card holders is covered by the provisions in the National Health Act, while the entitlement to concessional pharmaceutical benefits for health care card holders is covered by the provisions in the National Health Act and the Health Insurance Act. Without question, the

current situation is messy and this bill will resolve it. This bill also takes into account amendments made in the Senate, to include assistance to foster children and those who have caring responsibility for them, through the provision of the health care cards. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**AGRICULTURAL AND VETERINARY CHEMICALS LEGISLATION
AMENDMENT BILL 2001**

Consideration resumed from 24 May.

Second Reading

Mr TUCKEY (O'Connor—Minister for Forestry and Conservation and Minister Assisting the Prime Minister) (11.15 a.m.)—I move:

That the bill be now read a second time.

This **Agricultural and Veterinary Chemicals Legislation Amendment Bill 2001** amends the Agricultural Veterinary Chemicals Act 1994 and has largely been necessitated by the High Court's decision in *R v. Hughes*. That decision cast doubt on the duties, functions and powers of the Commonwealth authorities and officers within the National Registration Scheme for Agricultural and Veterinary Chemicals and a key purpose of this bill is to remedy that situation.

The National Registration Scheme is a cooperative Commonwealth-state legislation scheme which has been operating successfully since 1995. Within the scheme, a number of Commonwealth authorities and officers have significant duties, functions and powers conferred on them by state laws. These include the National Registration Authority for Agricultural and Veterinary Chemicals, which is the primary regulatory agency in relation to the importation, manufacture and supply of agricultural and veterinary chemicals in Australia. Other Commonwealth authorities and offices include the DPP, the AAT and inspectors and analysts appointed under the Commonwealth laws who play a key role in the NRA's compliance program.

The High Court's decision in *Hughes* questions the capacity of Commonwealth authorities and officers to exercise powers and functions conferred on them by state legislation in situations where a power or function is coupled with a duty and there is no clear federal head of power to support the duty. The bill amends the relevant Commonwealth act to clarify that the Commonwealth authorises the conferral by state law of duties, as well as functions and powers, on Commonwealth officials and authorities to the fullest extent possible within the legislative powers of the Commonwealth under the Constitution. The bill also ensures that where there is found to be a lack of state constitutional capacity to confer a duty, function or power on a Commonwealth authority or officer—

Mr Sawford—Madam Deputy Speaker, I have a point of order. This is to assist the minister, because we are waiting for a couple of people to come up. I never thought I would ever in this chamber or the other get up and ask the member for O'Connor to keep speaking.

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—I do not think it is a point of order. I think the minister is well aware of what he was told.

Mr TUCKEY—We are always prepared to accept such a humorous interjection, Madam Deputy Speaker.

The bill will also ensure that, where there is found to be a lack of state constitutional capacity to confer a duty, function or power on a Commonwealth authority or officer, the duty,

function or power will be conferred by Commonwealth law to the fullest extent possible within the Commonwealth's legislative power.

The bill will also specifically confirm, both prospectively and retrospectively, that a state law may confer duties, functions and powers on the AAT and on inspectors and analysts appointed under the Commonwealth law. This addresses certain legislative gaps which have been identified in the conferral of state functions on these authorities and offices, in addition to the problem arising from Hughes.

It is intended that following the enactment of this bill corresponding state laws will be enacted to validate the past actions of Commonwealth authorities and officers under the scheme which may be in doubt following Hughes or in light of the legislative gaps. The amendments will ensure that the important roles of Commonwealth authorities and officers within the National Registration Scheme are not put at risk as a result of the High Court's decision in Hughes.

I present the explanatory memorandum.

Mr O'CONNOR (Corio) (11.20 a.m.)—I appreciate the indulgence of the committee as it is very difficult to be in two places at once. I am scheduled to speak on the floor of the House, as I speak here now, on the ANZFA bill. I do appreciate the indulgence that has been given to me by the committee, by members of the government and by the minister who has carriage of the [Agricultural and Veterinary Chemicals Legislation Amendment Bill 2001](#). This bill addresses the system of evaluation, regulation and control of agricultural and veterinary chemicals. In the last 10 years in this area we have seen the consolidation of disparate Commonwealth, state and territory regimes into a single national system. This has happened in three main stages: committing the Commonwealth's role in this particular area to legislation, establishing a national body to administer this particular system and synchronising regulation across the country by creating uniform national legislation through cooperative legislation schemes. It is the last area that is the focus of the bill that we are debating today.

It is instructive at this point to reflect on the history of this issue and the body that is strategically involved in this area, the National Registration Authority. It was set up under a previous Labor administration, and we are quite proud of that. The fact that Australian agriculture now has an image which is, to use the popular phraseology, clean and green, is due in no small part to the administrative and institutional frameworks that were set up by previous Labor ministers in this portfolio in government. Going back a little bit on the history, in 1988 the system was put on a statutory footing and the Commonwealth assumed the responsibility for determining policy on the clearance and registration of agricultural and veterinary chemicals. At that time a new national body, the Australian Agricultural and Veterinary Chemicals Council, was set up. In 1992 we saw a further development with the creation of a new body, the National Registration Authority for Agricultural and Veterinary Chemicals, which was set up to replace the previous council. It was in 1994 that the parliament passed a package of legislation laying down the base to administer a uniform national system for the evaluation, registration and control of agricultural and veterinary chemicals. This has come to be known as the Agvet scheme.

Recently we have seen two High Court decisions in the area of Corporations Law which have called into question the constitutional validity of national cooperative schemes such as Agvet, to which I have just referred. In the Wakim judgment in 1999, some aspects of the scheme of conferral and consent by state and Commonwealth laws which permit a federal body to exercise functions in both federal and state matters were found to be constitutionally invalid. In the recent decision, Hughes—as I understand it; I am not a lawyer, a bit like the minister opposite me, although he may well be a lawyer—

Mr Tuckey—No.

Mr O'CONNOR—We are bush lawyers. As I understand it Hughes took the same line as Wakim. In that case the attention was focused on the administrative bodies and not on the courts.

This particular case law has led to the introduction of this particular bill to the House, basically to strengthen the application of that agvet scheme. If we go back historically and look at Australian farming practices, we have not been astute, as a farming community, in the use of chemicals. I think back to my early days, of being raised in the Western District on a dairy farm where we also grew onions and potatoes. The introduction of chemicals in the sixties was a new way of coming to grips with pests and diseases and improving the productivity of the farm. My father was an onion grower, and the primary source of weed control when I was growing up was to get on your hands and knees with a little hand hoe and go up and down the rows to cut the weeds out. Of course, those farmers who were a little better off turned to chemicals, and some were rather dubious in their application.

One of the sad features of the introduction of chemicals to Australian agriculture in a mass use sense was the fact that farmers themselves had virtually no idea of the correct way to apply them. In my community there were many farmers who died early as a result of the impact of chemicals on their bodies. They were not aware of those adverse impacts. Medical science will probably record that those farmers died of certain diseases but will not record the causes of those diseases. That issue of occupational health and safety on farms was not an issue back in the late 1950s and 1960s, when I grew up.

With the amalgamation of farms and the structural adjustment that occurred, the farming community contracted. We saw less of a reliance on farm labour to do some tasks and an increasing reliance on chemicals. Those chemicals, in many instances, were very efficient in areas of weed and pest control, but the occupational health and safety ramifications of their use was not something that farmers at the time understood.

One of our great advantages today in Australian agriculture is the image that overseas consumers in particular have of Australian agriculture being clean and green. We are recognised as a supplier of quality assured food produced in a clean environment—one which is sustainable—and we are recognised as a country that now adopts a minimalist approach to chemical use. That was not always the case on Australian farms.

We have seen in Australian agriculture not only this emphasis on a minimalist approach to chemical use, but also a development of the organics industry, where there is no use of chemicals at all. This has a fairly strong pulling power to consumers who have become more environmentally conscious and want to be assured that what they consume is produced in a production system which is aware of their needs as consumers for food that they regard as clean.

One of the interesting developments, as I look at the area that I grew up in, is the rise of small organic enterprises. One enterprise in particular that I can relate to is a small manufacturer of organic ice-cream located in Irrewarra, just outside of Colac, the home town area where I was born and raised. I have to say—and this might be a free advertisement for the ice-cream that is produced there—that it is a blessing and a curse for those who were raised on dairy farms. It is probably the most exquisite ice-cream that you could ever taste, but too much of it could land one in a very serious state over time, as far as one's heart condition is concerned. But the Hitchins, the family that produce the ice-cream, have an almost unlimited demand for it. They go around the local shows and the local marketplaces and they have a small value adding enterprise on farm, but the demand for what consumers perceive to be a good quality product that is clean and free from chemicals is very strong indeed.

I think Australian agriculture has made giant strides in reducing the reliance of Australian agriculture on chemicals—and the institutional framework that was set up under previous La-

bor governments was part of those giant strides. There are some in the community who would have Australian agriculture not use any chemicals at all. We have to be very cognisant of the fact that one of the responsibilities of the sector is to produce clean safe food, but there is another responsibility of the sector and that is to produce cheap food. I do not mean rock-bottom priced food, but quality value food for Australian consumers, especially low income families. Farmers are happy to do that as long as they get a fair share of the retail dollar. What we have seen in recent times—and the minister comes from a farming area so he would know this as well as anybody—is that, in the carve-up of the final retail price of many foods, a disproportionate amount of the price goes to others in the food chain and not to farmers.

Farmers are finding themselves increasingly squeezed at the production end. I have travelled throughout Australia in this portfolio talking to farmers, and there are a couple of issues that come up perennially in the food production and retailing debate. The first of those issues is that prices farmers receive are being squeezed at the farm gate, yet the retail margins are expanding. We can see that in the milk, citrus, apple and pear industries and a lot of other industries as well. We know that, under Australian law, farmers are not able to bargain collectively, in many instances, with processors for a better deal from the marketplace. We have an issue in Victoria at the moment with chicken growers. We have problems in other areas of agriculture, where farmers are being squeezed at the farm gate in the prices that they get for what they produce, yet the retailing margins seem to be very large indeed.

Accompanying that is the issue of supermarket power. The supermarkets are demanding of farmers an increasing quality in the produce that they supply. Because of the pressure that is coming onto the farm sector from supermarkets, farmers have to turn to measures and to areas where they are able to secure a quality output for sale to those retailing chains. In this situation, the judicious use of chemicals to prepare the field and to prepare the product for the marketplace is very important indeed.

Chemicals are used at various stages in the production chain, not only on farm to control pests and disease—which influence the productivity of the farm—and in the preparation of the produce on farm for the marketplace, but when we get into value-adding processes we can acknowledge the role that they do play in agricultural production without necessarily endorsing their use. We need to ensure we have the administrative frameworks and institutional structures in place to effectively monitor their use and ensure not only that farmers are aware of the chemicals they are using but that they have skill in applying those chemicals in the production process.

It is a heavy responsibility that falls not only on government to successfully monitor chemicals in food, but also on the companies that produce these products for use in Australian agriculture. They too have a responsibility to educate and ensure the products of their research are judiciously used so consumers can have confidence that the food they are consuming has a minimal input of chemicals in the production process.

There are two main agencies involved, the National Residue Survey, the NRS, and the National Registration Authority. The National Residue Survey was established in the early 1960s in response to concerns in major export markets about pesticide residues in meat. It has, 40 years later, expanded the range of commodities it covers to meet the growing industry demands on its personnel and services. Operationally, in the last financial year, the Residue Survey was divided into the following programs: animal products, grains and horticultural products, and fisheries and aquaculture products. Surveillance, compliance and prevention programs are an integral part of the operations of that particular body.

It is also involved in laboratory procurement and performance evaluations. The primary purposes of that survey are to meet the needs of participating industries in maintaining access to key markets, maintaining consumer confidence in Australia's food industry and food pro-

duction, establishing a bank of objective and scientifically valid data, using that data to underpin quality assurance programs and assisting in resolving what you would call residue related trade incidents. These residue monitoring programs are fully cost recovered. That particular body is accountable to the parliament—and so it should be. Some of the most important programs and areas of its activity are the surveillance, compliance and residue prevention programs that have been developed in key rural industries, including the cattle industry and the sheep meats, pig, honey, apple and pear industries.

In agriculture we have had some real conflicts between primary producers and the use of chemicals in a quite different production process. The endosulfan residue in beef is an example that comes to mind. Endosulfan is an organochloride insecticide that is widely used on cotton and other field crops, and in orchards. However, it has the potential to contaminate cattle when they graze on contaminated pasture or crops.

The history of this is interesting. In 1999-2000, cattle originating from the cotton growing areas of New South Wales and Queensland were tested under a program conducted under the auspices of Safemeat. The extent of the survey needs to be appreciated. Between October 1999 and March 2000, 14,200 samples from 4,430 properties were tested for endosulfan residue. This program was very important to assure our major trading partners that this chemical residue was under control. We are dealing with the meat industry, one of Australia's major exporters, and the consumers of our products are becoming increasingly concerned about chemical residues in the products that they import. They are putting strict environmental strictures on production processes and on issues such as chemical residues.

The National Registration Authority of Agricultural and Veterinary Chemicals operates the Agvet scheme. The review of registered chemicals that takes place under that program is announced in the Agvet chemicals gazette. Each year, importers, manufacturers and exporters must provide the NRA with a record of quantities of chemicals transacted as a component of any formulated product. Any person wishing to supply agricultural or veterinary chemicals or chemical products must apply to that particular body for licences, and NRA registration is required for products other than for human use to kill pests and control diseases. It is a very important body and, I am proud to say, it was originally set up under the previous Labor administration.

This is a very important issue to Australian agriculture. The [Agricultural and Veterinary Chemicals Legislation Amendment Bill 2001](#) is necessary to tidy up the impacts of case law outside the operating system. The opposition support the measures that the government has outlined in this bill. We are committed, as an opposition, to the minimal use of chemicals in Australian agriculture, to the production of clean, green produce that consumers can have confidence in, and we are committed to strong regulatory frameworks and institutional structures that give effect to that objective.

Mr ANDREW THOMSON (Wentworth) (11.43 a.m.)—I put my name down in the whip's office to speak on the [Agricultural and Veterinary Chemicals Legislation Amendment Bill 2001](#) about a month ago because—and I am certainly in favour of it—there are a couple of profound issues that lie behind the terms of the bill that I would like to say a few things about. I say that in the context that this could be the last time that I ever speak in this parliament. If there is an early election and today proves to be the last day that the House of Representatives sits in this term, then after this speech I go to my political grave—quite happily. That is why I would like to go beyond the terms of the bill and say a few other things.

There are two things about this bill: one is the subject matter of the bill itself, and that is the constitutional scheme by which a cooperative arrangement is attempted by the states and the Commonwealth to establish a national authority to regulate the use of chemicals in agricultural and veterinary matters; and the other is the subject matter of the authority itself—what we do with chemicals and how, in terms of our trading of agricultural and, indeed,

t we do with chemicals and how, in terms of our trading of agricultural and, indeed, forestry products, we are threatened by enormous forces on foot both within and outside our borders. Just on the constitutional issue, it is interesting to see elected governments, ministers and their advisers looking at the world and saying, 'Well, let's do things in a different way. Let's take our Federation, change the traditional way of doing things—the division of powers set out in the Constitution—and cooperate.' 'Cooperate' is a very attractive sounding verb and 'cooperation' a very delightful sort of noun; you could not be against cooperation. But along the way some of the more basic elements of the Constitution—that is, the Federation itself—have been ignored in the rush to establish these cooperative schemes.

In re Wakim and R v. Hughes, two cases in the High Court, the judges said, 'Well, hang on a minute. You cannot just go ahead, legislate and make these agreements without reference to the basic law that gives life to you as governments'—and that is the Australian Constitution. Indeed, within the High Court there have been trends where the interpretation of the Constitution has been very weak or loose and where, on the other hand, at times it has been very strict. From the days when Justices Deane, Mason and Brennan held sway in the court and they often, I believe, sought to replace what were previously strict interpretations of the Constitution with their own views—and that is reasonable; judges from time to time must exercise some personal view of the problem at hand—what I regard as vague and sometimes unreliable notions of international opinion or even suggested implied powers, such as a nationhood power, whatever that means, were used to justify decisions that were quite surprising. Not all of the things these judges said at the time actually made their way into precedent—law, that is—but they were often said in the judgments. Then, as time has passed, with new judges being chosen to sit on the bench as those other judges have retired, there has been a certain strictness injected back into the decisions. So the Constitution comes to life again as a document that must be obeyed, when these arrangements are made.

I ran into this National Registration Authority last year—quite coincidentally in the very electorate held by our colleague the honourable member for Gilmore, sitting today as the Deputy Speaker. After some inspiring advice from Minister Tuckey, I had set about establishing a plantation of my own to grow the sorts of timbers that decorate this parliament—those lovely veneer timbers that Australia does not produce enough of. In seeking to apply a bit of Roundup—the farmer's friend, I might call it—and other chemicals such as simazine and herbicides to keep the weeds under control, a lady in the local co-op said, 'Oh well, you'll have to talk to the National Registration Authority about that.' I thought: gee, that's a pretty grand sounding outfit; I've never heard of it before. So I found it on a web site, rang it up and found that suddenly there is a scheme on foot. Then here we are today talking about whether or not the way it is being operated is constitutional. This bill is seeking, in a sense, to anticipate what might happen in the High Court if the scheme were challenged: that is, if a Commonwealth officer charged with the duty of enforcing the regulations were to come and arrest me—not that I would breach any of the rules—whether or not it would be legal for that person to levy a fine or issue some direction to me, according to the rules and protocols that the authority produces for the use of these chemicals.

So there are some large constitutional issues at stake in this. We really will not know—until, if ever, somebody takes on the act that we are going to pass at present—whether or not this scheme that the drafters have come up with is going to pass muster in the High Court. Beyond that is the subject matter of the scheme itself, that is, the use of chemicals. There are two things here. First of all, we should not ignore the plight of our forestry industry in the sense that we have a trade deficit in forestry, paper and pulp products of around \$2 billion a year. The gap has been filled with imports, largely from Third World forests, and gives rise to the

need in Australia to have more plantation resources, especially in hardwoods. That is why the government has on foot the Plantations 2020 Vision to rectify this problem.

Lately there has been some unfortunate coverage in the media of some of the arrangements or schemes based on the tax incentives that we have in our law to promote investment in forestry, and insufficient distinction has been made between the properly approved schemes and those which are plainly dodgy. This adverse media coverage has led to a sudden diminution in investment in these schemes, such that the movement of capital between affluent parts of Australia—such as the one I represent—to those in regional or rural Australia that severely lack capital and hence employment is being frustrated, and that is a shame. A good society, a good economy recycles capital from its affluent parts to its hungry parts. This ought to be at the forefront of any debate about forestry. It is more than just growing trees and producing hardwood or paper. It is about jobs and lives and a fair distribution of wealth.

Beyond this, it is very easy to frighten people with the word ‘chemical’. The debate in trade policy—the clash between the need to protect the environment, the multilateral environment agreements, or MEAs, versus the rules based trading system, as embodied in the legal agreements administered by the World Trade Organisation—is just beginning. This debate is going to be very important and potentially very dangerous for a lot of people in Australia, because there is a huge battle between those who see governance generally best done according to the rule of law and using sound science, and those who would rather a more anarchic approach to things.

For example, the European Union, which is the chief force for protectionism in the world—a vigorous and powerful foe of this country—is, I am told, spending millions and millions of dollars funding non-government organisations such as the World Wildlife Fund to provide advisers on trade policy to governments of developing countries. Those advisers are trying to convince developing countries to do as much as possible to introduce into the trade rules environmental conditions such as would allow a contrived and malicious act by a protectionist country to ban the import of something because of an environmental scare, using what is called ‘the precautionary principle’—a favourite technique of European governments. That means that where there is a lack of scientific certainty about a certain thing, rather than saying that the proposed importer can have permission to import according to the trade rules and then, if there is a complaint about it, the complainant ought to bring evidence that it is somehow damaging to human health or environmental safety, it is reversed, the ban is imposed and the burden of proof is put on the proposed importer—that is a country like Australia with a large agricultural industry using various chemicals to improve productivity. The burden of proof is put on the exporter to prove that it is not dangerous, that is, to prove a negative—and, in effect, this is impossible. Or the trials of medical evidence and so forth might take 10 or 20 years. In the meantime, the protectionist purpose has been achieved.

On the other hand, if you look at the history of environmental protection in public policy and go back to Rachel Carson and *Silent Spring* in the 1960s, there were no doubt excesses in the regulation of the development of heavy industries, whereby toxic chemicals were quite freely put into the waters of creeks, rivers and bays. Terrible things were done to innocent people, usually people on low incomes living close to these heavy industries. I think of things like the mercury poisoning of people in the town of Minamata in Japan.

The consciousness of potential environmental damage grew. The pendulum has come back to where it is now—a fairly good balance. This movement to entrench in trade rules contrived environmental standards allowing protectionist governments to act wilfully is going to take place over the next 10, 20 or 30 years. We have to be aware of this. It is very difficult to get a rational debate through when there is a lot of noise and there are a lot of scare stories around. There are some ridiculous notions, such as, for example, those on the question of aerial spraying of plantations in Australia versus aerial spraying of crops. It is said that those who

oppose this bill would make a distinction between the two. That is quite ridiculous. I urge the chamber to support the bill. I understand it is not going to be opposed. That is good to see.

In the few minutes remaining, if today is indeed the last day of this parliament and these, politically, are my last few breaths, can I simply express my gratitude to all my colleagues. I have learned, since the first few days I sat in the House of Representatives, that you may disagree with people in the most fundamental fashion, but if things are all right and you spend more time with them engaged in debate and if you have some goodwill, you become friendly and you make friends on all sides. Even in the other place I have got some good mates on both sides. I have had a terrific time with colleagues I have served with in this term on the Joint Standing Committee on Treaties, turning that committee into what it really ought to be—a check on the executive. I know that is not the sort of thing backbenchers are supposed to say, but that is precisely what this country needs—a much greater check on the way ministers, advisers and entrenched interests outside the parliament push us. That is the role of a backbencher.

Likewise, I express my gratitude to Prime Minister Howard. From time to time we have had some political differences and even some personal differences. But I am grateful for the opportunities he gave me to serve in his ministry in the previous term. It was, as it would be for anyone in this country, a privilege to do so. I wish him well in the future. As one of my colleagues said in our party room yesterday, if there is one thing to admire about that man, it is that he has not given in to the hubris that often engulfs people who hold that office. He is a very decent, modest man and we are lucky to have had him there.

Mr TUCKEY (O'Connor—Minister for Forestry and Conservation and Minister Assisting the Prime Minister) (11.59 a.m.)—in reply—In summing up this debate on the **Agricultural and Veterinary Chemicals Legislation Amendment Bill 2001**, as I said in the second reading speech, the bill addresses the implications of the High Court's decision in *R v. Hughes*, which cast doubt on the duties, functions and powers of the Commonwealth authorities and officers within the National Registration Scheme for Agricultural and Veterinary Chemicals. The roles played by Commonwealth authorities and officers are critical for the effective operation of the scheme. The bill also addresses certain legislative gaps which have been identified in the conferral of state functions on Commonwealth authorities and officers under the national registration scheme arising independently of the implications of *Hughes*.

The overall aim of the bill is to ensure the validity of the actions of the Commonwealth authorities and officers under the scheme as it presently exists. The bill does not make any substantive policy or operational changes to the scheme. It is supported by all states and territories. Corresponding state laws which validate the past actions of the Commonwealth authorities will be enacted following the passage of this bill. I thank the members who have participated in the debate for their contributions and the opposition for its support for this necessary legislation.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

TRADE MARKS AND OTHER LEGISLATION AMENDMENT BILL 2001

Second Reading

Debate resumed from 4 April, on motion by **Mr Entsch**:

That the bill be now read a second time.

Mr MARTYN EVANS (Bonython) (12.01 p.m.)—Like many good quotations, some of them were never actually uttered by the people to whom they are attributed, and that is cer-

tainly the case with the most famous quotation in respect of patents. In fact, the phrase 'Everything that can be invented has been invented' was attributed to a patent commissioner in the United States in the mid-1800s. Of course, that phrase was not actually uttered by any such patent commissioner at the time. No matter how charming the phrase may appear in the context of history, 150 years later, sadly it is not an accurate reflection of what was actually said. It is someone's over-zealous interpretation of what Mr Ellsworth, the Commissioner of Patents from 1835 to 1845, wrote in his 1843 annual report, which has been misunderstood and misquoted ever since. He actually wrote:

The advancement of the arts, from year to year, taxes our credulity and seems to presage the arrival of that period when human improvement must end.

Of course, that was neither true then nor true now; nor has it been true at any point in between. Indeed, human invention and human creativity have continued apace ever since. He was somewhat prophetic when he predicted the time when human improvement must end. The reality is that we are embarking now on a period when we may well engage in improving the very genetics of humans themselves. So rather than speaking in an overall sense about the human condition, human culture, human science improving, we may now be at the point where we can modify DNA, certainly of plants and animals and ultimately of human beings. Ultimately, humans will continue to improve. They may do so through direct intervention rather than through participation in an overall climate of increased creativity.

I raise this issue broadly because, in the 21st century, there is no doubt that human creativity and the regulation of that creativity by way of trademarks, patents and copyright will be the most important commodities with which our societies will trade. The reality is that those countries which are not able to participate fully in the trading of intellectual property, which do not rigorously protect the intellectual property of their citizens, which do not seriously promote the development of intellectual property rights, the development of creativity, the opportunity for inventors not only to create but to patent, subject to trademarks and copyrights, their cultural, scientific and technical inventions, will not succeed.

If one looks at the trend—where one compares GDP with patent counts; that is, the number of patents lodged in a country—there is a very clear linear relationship between success in patents granted and the GDP of the country. There is no doubt that the United States, Japan, Germany and the UK all track along the line of success in patenting and success in GDP. The two go hand in hand. Those who do not actively pursue the development of knowledge industries, the development of a knowledge nation, will certainly pay the price in terms of the welfare and the wealth of their populations.

The reality is that the economy which Australia has developed to this date is based on several major areas. Historically, it is primarily based on our success in agriculture and mining. These are the two primary industries on which we have relied significantly. Obviously, since the war, we have also participated very significantly in the development of our manufacturing industries, although we have not done as well in the elaborately transformed manufactures, the high-tech sector, as we perhaps should have done and as we need to do if we are to capture that slice of the market which yields a higher value.

It is false dichotomy to talk of the new economy and old economy because those old economy industries to which I just referred—agriculture and mining—will in the future, as they do in many ways already, rely very heavily on the development of new economy technologies. New economy technologies are principally those based around biotechnology in agriculture and mining software, mapping software, geophysical mapping, equipment inventions and productivity changes which we have seen in the case of mining. I dare suggest that some developments in biotechnology will certainly promote the advantage of our two most famous and significant allegedly old economy industries but, of course, they are new economy in

many ways and are increasingly dependent on new economy to remain competitive in a global market.

How does Australia compare in the intellectual property stakes? How do we fare in this race? Unfortunately, in recent time, not that well. The United States is averaging between 15 per cent and 20 per cent growth in patents, whereas in Australia it has been somewhat less than that. US businesses are averaging five per cent investment in research and development. We have not kept pace with other industrialised economies in many areas of the knowledge nation race, and patents, trademarks and copyright in their various spheres of influence are good markers to look for in the context of what might be occurring in our society and in our economy.

One can see the value arising from that patenting process and from the trademark process in the US because they have the physical proximity to the inventors of the products and can ensure that they are able to pass on their knowledge, creativity and inventiveness to those who work in those industries. So it is important to physically tie together the invention and the creation of new knowledge with those who will commercialise and develop it to market. If you do not have that physical proximity, then ultimately you are a derivative economy and one which is not so successful. So I think the government's attitude in this regard must be revised if we are, in fact, to participate in the many profitable ventures which can flow from Australian ingenuity and creativity. That has always been the case in the past here, and we will have to invest very heavily in the future if that is to be the case here again.

Australians need to be part of that knowledge nation infrastructure—one which not only is a creative infrastructure but also encourages people to have the capacity, the education, the government incentive, the rigorous intellectual property laws which we are about today. They also need leadership from the government, investment in basic science and technology—which unfortunately has been falling in recent years since the election of the Howard government—and, ultimately, industrial R&D. Investment in industrial R&D, while rising in most other OECD countries quite dramatically along with investment in education, is sadly in decline in this country. It is a trend that must be reversed urgently if we are to have the high wage, high skilled jobs which our future generation demand and, indeed, which we have every obligation to offer them.

The trademarks bill, which we are specifically looking at this afternoon, is a relatively minor bill. It does provide the opportunity for trademark staff to assist inventors in preparing their applications, something they were specifically prohibited from doing before—and that obviously is an advantage. I can see why in earlier times that may have been prohibited. The reality is that these days it is quite important that the staff of government departments be able to assist people—although obviously not in the preparation of their invention or in securing rights for them which others do not have—with general assistance to taxpayers, inventors and those who would like to lodge a trademark application in preparing the necessary bureaucratic forms around which these things inevitably seem to revolve.

One would like to see more work done in reducing the level of bureaucracy around these things. It is important also when securing property rights—because that is what these are—to be sure that you have tied up all of the necessary paperwork and all of the loose ends. Given the globally competitive nature of this business, it is also essential that we cooperate with other countries through the international agreements which revolve around patents, trademarks and copyright and that we maintain our competitive position, and that we also rigorously protect the intellectual property of others. They will not respect our intellectual property unless we respect theirs.

It is quite critical that we enforce, on a global basis, the protection of that intellectual property. At times that will seem harsh, unreasonable and almost unconscionable. One looks at the

protection of drugs in relation to AIDS, for example, in the Third World and in Southern Africa, where human lives are at stake and where intellectual property fetches whatever price the market will bear—but where companies are under duress and pressure to reduce the cost of those drugs, as they have done. There will be those exceptional circumstances where more needs to be done to ensure that people receive vital medicinal requirements and other essentials of life. But that should be done on the basis of assistance and grants and work with those countries and with the owners of intellectual property. It should not be done on the basis of confiscation of intellectual property.

I believe we can achieve the necessary humanitarian results while remaining within an essential framework of intellectual property. Patents, for example, expire after a limited period of time. Patents on drugs run for 25 years; patents generally run for some 20 years. In the case of drugs it takes some 10 years to develop them in the first place, so you have limited opportunities to retain your intellectual property in these things, which often vast sums of money are part of. Australia must continue to take a lead in protecting intellectual property throughout the world. It must continue to take a lead in pursuing intellectual property agreements, and the reform of our law domestically is an essential part of that. So the opposition has much pleasure in supporting this legislation, even though it is a relatively minor bill.

I think we pay insufficient attention to the legislative trappings of intellectual property. In the past century we have looked very closely through the states at real property law. We have sought to refine and develop real property law in a very serious way. It is time that we paid that kind of attention to intellectual property rights because they will become very transitory in time and of course totally lacking in any physical manifestation. Nonetheless, those intellectual property rights will be the trading commodities of the 21st century. They will be the premier basis on which countries can secure their intellectual capital, human capital and the wealth of their people, rather than their investment in real property or in other physical commodities, which of course will continue to provide work and an economic underpinning.

But the growth and the most exciting potential is in those new things that we have yet to develop and the things which we are, as we speak, commercialising now. They are the things that will change lives; they are the things that will ensure commerce flows quickly in this country and they are the things which will protect the very basis of the society we are all seeking to develop. I encourage the parliament to pass the legislation and I encourage the government to rethink its attitude to investment by the country as a whole in intellectual property. This is a serious matter and one which I believe the next parliament will give far more attention to under different leadership.

Dr WASHER (Moore) (12.14 p.m.)—The [Trade Marks and Other Legislation Amendment Bill 2001](#) amends the Trade Marks Act 1995 to give effect to the recommendations that came out of the review of the act that was conducted in 1996. The amendments are of a minor and technical nature, as has been said before, and they take heed of some of the suggestions in the review. The bill seeks to provide a better service to businesses in Australia that seek trademark registration through the Trade Marks Office.

Since its inception, the new trademark system has been very successful in reducing the amount of red tape for businesses, as well as making the process cheaper. The bill assists employees of the Trade Marks Office by removing section 158 of the act, which currently makes it a strict liability criminal offence for a Trade Marks Office staff member to prepare, or help to prepare, a document to be filed under the act or to search the office records. This may, in some cases, cause doubt as to whether an employee can help a person to fill in their application form for a trademark. The bill will help staff to provide a better service to clients. The bill also contains a series of minor amendments that will help to streamline procedures and remove several ambiguities that have been identified since the new act came into fruition.

The modernisation of the trademark system in Australia began with the implementation of the Trade Marks Act 1995. This legislation will further enhance Australia's ability to participate in the international trademark system. Some criticism has been made of the amount of time it can take when applying for a trademark registration. After reading some of the cases that must be determined after an objection to the registration of a certain trademark, I can understand why the process can become so drawn out. However, the Trade Marks Office has implemented significant changes to its procedures and has also increased its staffing. These measures have helped to reduce quite significantly the processing time from around 11 months in February last year to around six months currently, and it is projected to reduce to two months by the end of this year.

A trademark can be a word, letter, number, phrase, sound, smell, shape, picture, logo, an aspect of packaging, or any number of a combination of these. It is used to help consumers to distinguish the goods or services of one trade from another, and helps to protect, under law, intellectual property. Once a trademark has been registered, the owner has the legal right to exclusive use or control of the use of that product or service within Australia. It is different from copyright, as copyright automatically gives you the rights to the protection of an original work. It protects the original expression of ideas, not the ideas themselves. Copyright, however, does not protect against independent creation of a similar work. Copyright is the only type of intellectual property, other than circuit layout rights relating to electronic circuits, that provides an automatic protection. All other forms of IP, including trademarks, patents, trade secrets, et cetera, require formal steps to obtain legal right of ownership. Businesses also have to apply separately if they are seeking international protection, as trademarks obtained through the Trade Marks Office apply only within Australia.

Opposition to the registration of a particular trademark usually arises out of concern that that trademark would cause confusion amongst consumers. The definition used to determine this is that they are deceptively similar or substantially identical. Often, a business trademark can be its lifeblood in terms of consumer recognition of that business product and reputation. The trademark system is there to protect this asset. A trademark registration can be opposed by another party if it is thought to impede their own trademark protected goods or services. Both parties then give evidence in order for the Registrar of Trade Marks to make a decision as to whether or not the opposition is valid.

An example of a case recently handed down—and I use this one because of my own interest in the wine industry—was that of a winery in Western Australia attempting to register the trademark 'Lefroy Valley Vineyards'. An objection was raised to this trademark registration by a winery based in the Burgundy region in France known as Domain Leroy—wine that is distributed in Australia amongst connoisseurs of fine wines, as it is considerably more expensive than most Australian wines.

The French winery argued that the two names, Lefroy Valley and Leroy, would cause confusion amongst consumers as they were both names of wines. The Leroy Winery was established in 1868 as Maison Leroy and has been in the Leroy family ever since. It has exported to Australia since 1966. Several wine merchants in Australia testified to the fact that Leroy wine label enjoyed a considerable reputation in Australia amongst lovers of fine wines. The owners of the Lefroy Valley vineyards, on the other hand, have been trading in Western Australia in agricultural products for around 30 years. Lefroy Valley, also a family business, decided to expand their interests into winemaking—a good choice. There is a Lefroy Brook near Manjimup, where the family is based, but geographically there is not such a name as Lefroy Valley.

The registrar of trademarks found that the Lefroy Valley did not breach the French wineries trademark rights as, for a start, the name Lefroy is always associated with valley and, there-

fore, could not be confused with Leroy as they are not that similar. The registrar found that the Lefroy Valley refers to an actual geographic feature that is not likely to be confused with Leroy, which is more likely to be associated with a surname. It was also concluded that the French wine is purchased only in limited amounts in Australia by wine experts, who are a quite discerning and sophisticated group as buyers, and they would know their product. There was not much of a chance that they would be confused by the two. The general public in Australia also do not have much of a chance of being confused between the two trademarks as they are not ever likely to come across or have the desire or opportunity to buy the French wine Domain Leroy. Added to that, it was concluded that, as the wine market is quite crowded, it was also a market where the public is used to choosing from a very large range of labels.

Lefroy Valley was granted a trademark for their name and it was considered unlikely that the two wineries would be confused. This is a good example where the Trade Marks Office considered the evidence and made a commonsense decision on brand differentiation on the Australian label. On the flip side, there was a recent case when an Australian salad manufacturer tried to register the trademark of McSalad and was unsuccessful. I do not think I need to tell my colleagues who objected to the registration of this trademark. Of course, it was McDonald's. They argued successfully that, given the wide public recognition of the McDonald's name and its varying products—McChicken, McMuffin et cetera—there was a real probability that consumers would associate a McSalad with McDonald's and this would cause enough product confusion to warrant the unsuccessful trademark registration.

At this point I would like to cover some future issues relating to trademarks. Last year the government amended the Trade Marks Act to enable Australia to accede to the protocol related to the Madrid Agreement concerning International Registration of Marks, called the Madrid protocol. Accession to the Madrid protocol will take effect next month on 11 July and will provide a reciprocal streamlined application procedure for trademark registration in Australia and overseas. When the protocol takes effect, Australian trademark owners will only need to file a single application in English and pay only one fee to seek protection for their trademarks in all or any of the other 50 countries that are currently parties to the treaty. It is expected that application costs alone could be reduced between 40 per cent and 50 per cent. Many of Australia's key trading partners have joined the protocol, including Japan, the United Kingdom, European Union countries, Singapore and China. The United States and the Republic of Korea are currently making progress towards accession.

The Internet has dramatically changed the way many Australian companies do business, domestically and internationally. While the Internet and e-commerce offer Australian business tremendous opportunities, there are pitfalls. An Australian swimwear company, Absolut Beach, was recently challenged in courts in the UK and USA by the European company Absolut Vin and Sprit for breach of trademark. While Absolut Beach was a valid and established trademark in Australia, they had no trademark protection in Europe or America.

This matter has revealed the problem with international trademark protection in relation to the Internet. It is a problem that not only Australia has to confront and deal with but also all countries have to confront and deal with. The Hon. Warren Entsch has asked the government Advisory Council on Intellectual Property, ACIP, to investigate the problem and make recommendations on how best to respond to it. The question of trademark treatment of international icons is also a challenging one. For example, the government took steps to protect the Bradman name following the passing of Sir Donald Bradman. However, other organisations have suggested that national icons ought not be locked away but rather made available for everyone to use. ACIP has been asked to consider the treatment of national icons in Australia and whether it is appropriate and practical for the government to make legislative changes to protect our icons from commercial exploitation.

We still face the challenge presented because business names issued by states can be overridden by trademarks which are national, and domain names on the international web can override national trademarks. We also face the problems of cybersquatting and issues of national icons being used as trademarks. In recommending this bill to the House I also recommend any moves to cut red tape and encourage business to grow in Australia. I support these measures, which I am sure will help IP Australia continue its good work.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (12.26 p.m.)—In summing up the second reading debate on the [Trade Marks and Other Legislation Amendment Bill 2001](#) I thank those members who contributed to it. In particular, I thank the member for Moore for his invaluable contribution to the debate on this bill and for his very strong interest in issues associated with intellectual property in general.

Doing business over the Internet has significant implications for the owners of registered trademarks in Australia because of the possibility of inadvertent infringement on trademarks registered in other countries. It is all good and well to have trademark protection in Australia, but companies seeking to do business with the rest of the world, particularly in light of the growth and importance of electronic commerce—or e-commerce—must be mindful of the need for wider international trademark protection and of the danger of infringing upon other trademark holders' rights. These issues were certainly highlighted by the member for Moore. The registration of a trademark has effect only in the country or territory in which it is registered. Once a trademark is used on the Internet it may be found to infringe a registered trademark in another country where the Internet is accessed and the goods or services are offered for sale.

The member for Moore also referred to the Madrid protocol, which he rightfully points out will make it considerably easier and cheaper for Australian businesses to register their trademarks in some 51 countries throughout the world, including many of Australia's most important trading partners. While the government's decision to accede to the Madrid protocol was not directly linked to our concerns about trademark infringements associated with the Internet, we certainly hope that a further benefit will be to help Australian companies avoid potential problems by making it quicker, cheaper and easier for businesses to register their trademarks internationally.

I understand that Australia, through the National Office for the Information Economy, NOIE, and IP Australia, will take a proposal on how countries can deal, in the short term, with this emerging problem to the World Intellectual Property Organisation later this year. Such a solution could include businesses putting a disclaimer on their web site stating that the goods and services are not offered for sale in the country where there may be an infringement or, alternatively, that the goods and services are only offered for sale in countries where the business has appropriate trademark protection. While this may prove to be a workable short-term solution, given the growth and the opportunities that e-commerce affords, I believe the international community needs to come up with a more concrete, long-term solution for this problem.

Debate interrupted; adjournment negatived.

Mr ENTSCH—I have asked the government's Advisory Council on Intellectual Property to start looking at this problem more carefully to see what further solutions we can come up with. ACIP is doing some very interesting and exciting work at the moment across a range of issues and, later this year, I look forward to receiving its feedback and advice on the trademark problems associated with doing business on the Internet.

I also thank the member for Bonython, who spoke about the importance for the prosperity of Australia of capturing the benefits of Australian ingenuity and creativity through a strong

intellectual property system in this country. I note the member for Bonython's statement regarding the government's commitment to R&D and innovation. In January this year, the government launched the \$2.9 billion Backing Australia's Ability program, which already demonstrates our commitment to ensuring that innovation is the key to Australia's future prosperity. Backing Australia's Ability contributes substantial additional funds to the significant funding that the government already provides for science research and innovation. The Backing Australia's Ability initiative will build on the government's current commitment to innovation, which has already seen an increase in spending in 2000-01 to \$4.5 billion.

This government is committed to helping Australian businesses maximise their competitive advantage. This bill will help in that process by further streamlining the procedures for gaining trademark registration. Trademarks are an essential element of any successful business strategy. They signify to the public the origin of the goods or services on which the trademark appears. This helps the public recognise the goods and services they trust and, in turn, establishes and increases the reputation of the businesses using the trademark. A successful trademark can be invaluable to the success of a product or service.

The opposition support for the bill recognises that a bipartisan approach to meeting the needs of Australian businesses will help those businesses respond and adapt to the challenges of operating in today's very competitive environment where the strategic use of intellectual property is essential for success. By improving the trademarks registration system, this bill will assist businesses to use trademarks to increase their competitiveness.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

ADJOURNMENT

Motion (by **Mr Neville**) proposed:

That the Main Committee do now adjourn.

Aboriginals: Violence and Abuse

Ms PLIBERSEK (Sydney) (12.34 p.m.)—There has been a lot of discussion in the past week and, indeed, over many years about the problems of sexual and domestic violence in Aboriginal communities. Sometimes these problems seem overwhelming to the people who are outside the community and wish to make some positive contribution to the community. I want to address my brief remarks today to some of the positive things that Aboriginal women have told me they need from government to begin to address these problems in their communities.

The first and most important point is that programs that are designed for Aboriginal communities need to be based on local consultation and have local involvement in the management of the services. It is no good for people to come in from outside and think that they can solve problems that have existed in communities for a long time. Many good programs have been established under the Partnerships for Domestic Violence program. I give credit to the government for funding that program. However, that funding is annual or triennial funding, and that is an enormous problem in Aboriginal communities. This sort of funding should be based over 10 or 15 years in order to begin to make a real difference in these communities.

I noticed on the front page of the *Sydney Morning Herald* today an article about a program in Far North Queensland where \$553,000 has been spent over the last few years, yet this program is about to end. The coordinator of the program says that they have only touched the surface. The article states:

“Black eyes, busted lips, broken arms—they’re run of the mill. Then there are the stabbings and murder,” says Ms Naden. “I’m leaving women out there who need a lot of work and a lot of encouragement. I feel like I’m leaving them in the lurch.”

And indeed she is, and this is the problem with programs that only go for a year, or three years in this case. There is a real problem as well with a lack of funding for legal aid in relation to family law. A lot of women are agreeing to consent orders in relation to access to children, when really they should not. They have been victims of violence, they drop children off to their former partners and they are victimised all over again. This happens because they have agreed to consent orders, because there is no funding for legal aid in these issues.

There needs to be increased funding for Aboriginal women’s legal services around the country. I was very distressed today to read that funding for the Western Australian women’s legal service is under threat at the moment. The funding that the Commonwealth government gives for the Aboriginal women’s legal service, for the whole of the New South Wales and the ACT, is approximately equal to the funding that the Walgett Violence Prevention Service gets for Walgett alone. So you can see how dramatically short of funds the Aboriginal women’s legal service is.

There is a real problem with the Aboriginal Legal Service’s unwillingness to fund cases that deal with women, particularly relating to family law or violence. They will not generally represent an Aboriginal person against another Aboriginal person. They mainly deal with criminal law, which is 95 per cent of their work. Therefore 80 per cent of their clients, naturally, are men.

Another issue that I mention is the violence prevention services that have been established. There are now 14 across the country that are run under the auspices of ATSIC. Fourteen is a great start but there need to be very many more. I think there has been discussion about having a violence prevention service in every Aboriginal community across the country. There is a major lack in metropolitan Sydney, which has an enormous population of Aboriginal people but which has no violence prevention service.

It is vital that funding that is provided to establish services for women actually goes to women. There has been a debate over very many years about the efficacy of funding perpetrator programs. It is of great concern to me that the national partnerships for violence money has gone largely in some states to funding perpetrator programs. This money generally does not help women, and the perpetrator programs are of questionable benefit. Very few of them actually have long-term, positive outcomes. The ones that I have heard about that are of most concern are in Victoria, where the guidelines under which they are established are non-existent. Many of the staff are untrained, and outcomes from those programs have therefore got to be questionable. That money should instead be spent on proper services for women and, in particular, for Aboriginal women.

Another problem is that Aboriginal community liaison officers that are employed by police are mostly men, so women who are experiencing family violence or sexual assault are often very unwilling to approach them. (*Time expired*)

Member for Throsby

Mrs GASH (Gilmore) (12.39 p.m.)—Today I rise to speak with a tinge of sadness. This speech was to have been a generous speech, one lauding the efforts of a member of the opposition—in fact, a constituent of mine—the member for Throsby. I wanted to say what a great representative he has been for his people, always trying on their behalf. It is rare, I know, to stand here in this chamber and say nice things about the opposition but Colin Hollis deserves credit for his record of achievement on behalf of the residents of Throsby. I have seen the toll on his life, paid gladly by Colin in the best interests of those he was elected to represent. But

now I have had to change this speech because our situations have changed so dramatically lately.

Last week the member for Throsby spoke about my staff's lack of respect for a caller. I checked the story out—I always do. The caller, a vet, admitted that he had been quite agitated and that he rang my office to let off some steam about an issue. He was not even from my electorate. He told me that he knew there was little that my staff member could do in that situation. However, the conversation continued for over half an hour and ended in a friendly manner, with the caller agreeing that he thought the new tax system is indeed a fairer tax system, even if the change took some getting used to. He was not dismissed.

You might wonder why, out of the blue, my colleague would cast such an aspersion on the service that my office provides. The clue is in another paragraph in the same speech made by the member for Throsby. He quotes some of an article I wrote in response to a request by a local newspaper about how residents might judge the value they are getting from an elected representative, and I see the hand of my colleague's own staff in this. For you see, my colleague is on the point of retiring and his staff are unhappy because he has been beaten to pre-selection by yet another trade union boss. So they are turning their attention and resources to the campaign against me. Even though his staff are being paid to work for the people of Throsby, they and the office's resources have been turned over to the Labor candidate standing for Gilmore. Gino Mandarino, from Colin Hollis's office, is in fact the campaign manager for the Gilmore Labor candidate. So we have the people of Throsby—who Labor expects to vote for the Easter bunny if told to do so—missing out on the service they are paying for. I wonder how the people of Throsby—those battlers that my colleague has always told us need everything they can get—feel about being ripped off by their own member.

Mr Hollis's staffer spends much time writing letters to the newspapers and putting out press releases against me when he is paid to look after the needs of the people of Throsby. I believe there is such a hate campaign between the new trade union Labor candidate for Throsby and the current member's staff that they will all leave when she is automatically voted in by the residents. So already they have given up working for their electorate and are using their fury at their own party machine to rip off the battlers of Throsby that they are paid high salaries to serve. As I said earlier, it is really sad to see my colleague's career end in this way. He is obviously reading out things written by his staff who are running the Labor campaign in Gilmore, and they are notoriously careless with the truth.

Mr Albanese—Mr Deputy Speaker, I rise on a point of order. I wonder whether the member for Gilmore had the guts to notify the member for Throsby before she engaged in this slur and attack.

Mr DEPUTY SPEAKER (Mr Nehl)—There is no point of order. The member for Gilmore has the call.

Mrs GASH—As an example, I looked at just the first paragraph of his speech last week, and there it was in black and white. He said:

I have never had any funding from any of these projects either.

The projects to which the member for Throsby was referring were the Natural Heritage Trust program, funded by the partial sale of Telstra, and the Roads to Recovery program. Mr Deputy Speaker, I checked the facts. Six projects have been funded in the electorate of Throsby under the NHT program, including Coastcare, the Coasts and Clean Seas program, National Rivercare and Bushcare. In fact, \$260,000 went to these six projects. Obviously Mr Hollis believes that his leader's comments that the NHT is a 'near complete failure' refers to the projects undertaken at Boiler Point, Bass Point, Elliot Lake and Lake Illawarra Wetland.

Mr Hollis obviously believes the Minnamurra River catchment strategy and the Illawarra Coastal Community Nursery/Training Resource Centre were what his shadow finance minis-

ter was referring to when he said that the continued funding of small projects is 'highly questionable'. And the Roads to Recovery program? Well, I believe Shellharbour Council were very happy about their grant of over \$1.5 million and the Wollongong City Council will receive over \$3.7 million—some of which, they assure me, will be spent in Throsby.

I cannot believe it was my colleague being underhanded with the facts. He is not like that, Mr Deputy Speaker. In fact, this is just one of the things that has made him stand out from the rest in the past, as a good, honest, hardworking local member. No, he is being ripped off by his staff with another agenda and by the party machine that will place another trade union boss in a safe seat, where she does not have to do much for the constituents so that she can go straight onto the front bench. By allowing this to happen, the member for Throsby is selling out his people doubly, and he knows it. But this seems a fairly common act. My Labor opposition in the next election is also an elected representative of people—the people of Kiama. Having just been elected to the Kiama council—(*Time expired*)

Governor-General: Retirement of Sir William Deane

Ms HOARE (Charlton) (12.44 p.m.)—I will try to inject a bit more courtesy into this debate. I want to take the opportunity today to say a few words in respect of Sir William Deane AC, KBE on the occasion of the expiration of his term as Governor-General of Australia. While reading through the biographical information prepared by the Parliamentary Library I noted that what was unsurprisingly consistent throughout Sir William's tenure was his unflinching support of, and unfailing commitment to, the reconciliation process. Sir William never let an opportunity pass to use his privileged position in this country to help facilitate that process. Wherever he speaks he always acknowledges, because of his ongoing respect for their culture and its longevity and his personal sorrow and regret that the land has been taken from them, the traditional owners of the land he is on. I would like to read into the *Hansard* record a quote from the speech Sir William made on the occasion of Corroboree 2000 in Sydney last year. In his final words, he said:

I have mentioned the symbolic return of part of their traditional lands to the Gurindji people in 1975. After the soil had been poured into his outstretched hand, the Gurindji leader, Vincent Lingiari, responded: "We are all mates now". He then turned and addressed his people in his own tongue. He exhorted them to go forward "with the whites" as friends and equals.

Sir William said that in that exhortation Vincent Lingiari expressed the essence of his vision of reconciliation in our country. He said:

That vision is one of indigenous and non-indigenous Australians together acknowledging the past and walking together, talking together, striving together, working together, and achieving together to build a just and prosperous nation which is, above all else, at peace within itself.

Sir William went on to say that, until reconciliation and peace are achieved, our nation would remain diminished, unable to fulfil its enormous social, cultural and moral potential, and that reconciliation is not a matter of charity or generosity but a matter of basic justice and national decency.

Sir William Deane, I thank you from the bottom of my heart for taking advantage of your stature as Governor-General of Australia to further advance these aims. You have made a huge contribution to the reconciliation process and have been a dedicated champion of decency. I have known Sir William only since he began his tenure as Australia's Governor-General and I am sure that his contribution to a decent Australian society did not start then, nor will it end now.

Sir William Deane resigned from the High Court in November 1995. He was sworn in as Australia's 22nd Governor-General on 16 February 1996. He was appointed a Knight of the British Empire in 1982 and a Companion of the Order of Australia in 1988. Sir William's

term was extended for six months to enable him to take in the Centenary of Federation celebrations in the first half of this year. The dignity and respect that Sir William brought to his role as Governor-General have endeared him to many Australians. Indeed, there are many of us who would have jumped at the opportunity to elect Sir William as the first president of the republic of Australia. Unfortunately, though, just as the process of reconciliation has been put on hold during the term of the current Prime Minister, so the progress to an Australian republic has been deferred.

It is also sad and disappointing that these important and fundamental tenets of a decent, progressive and just society did not happen while Sir William was Governor-General. However, I would like to assure Sir William that his contribution to a decent society augurs well for these issues to proceed steadily once again under the prime ministership of Kim Beazley. I am sure Sir William will be one of the millions of proud Australians who say the word 'sorry' along with Prime Minister Beazley following the next election. There has been much praise of Sir William Deane's service to Australia and his contribution to our daily lives over the past few years. On the occasion of the end of his term as Governor-General there will be many more speeches over the next few days about his good work, and my contribution today is a small but personal reflection. I say to Sir William Deane: it is a privilege to know you. It has been a great honour to be an elected member of the federal parliament while you have been the Governor-General. You are a great Australian.

Indi and Farrer Electorates: Defence Industries

Mr LIEBERMAN (Indi) (12.49 p.m.)—As the end of my time in this parliament draws near, I would like to take the opportunity to talk once again about the reason I aspired to be a parliamentarian and the reason I am proud to be one: the people that I represent. They were the motivation, and they keep me going. Ironically, one of the biggest political challenges facing me—I have been through a few and am a little battle-scarred—is the future of about 700 workers in my electorate and in the electorate adjoining mine, the electorate of the member for Farrer, Mr Tim Fischer, in particular in the towns of Yarrawonga-Mulwala and Benalla, where there are two plants producing ammunitions and propellents for Australia's defence.

It is operated by a company called Australian Defence Industry, which is a privately owned organisation, Transfield and a French company that changed its name. It used to be Thompsons; I cannot recall its current name. These plants employ up to 700 workers and they provide a substantial amount of Australia's self-reliance in propellant and munitions. We all know that not too long ago we had 9,000 Australian men and women from our defence forces called quickly to an emergency in East Timor. That was a wake-up call for Australians. We had to be better prepared and ready for the challenges that lay ahead. We hope it will be a peaceful world but we know realistically that, unfortunately, from time to time there are regional problems. I believe passionately, as I think most Australians do, that we should be, as far as possible and as is reasonable, self-reliant in respect of the basics of defence—that is, in connection with the production of propellants and the manufacture from that of what is needed by our Australian forces.

The alternative is that you import across the seas from other countries. I make two points on that. Firstly, other countries may not remain reliable suppliers; there could be uprisings and there could be other problems. Secondly, you have to get the production from the other countries to your shores, in times of emergency, across the seas. We all know the dangers of that. Another add-on is to do that you have to store and have large stockpiles. That is dangerous, that is costly and that is inefficient—and you have to still bring it across the seas to replenish.

I am arguing strongly that the plant in Mulwala is worn out. It has to be replaced at a vast cost, perhaps \$200 million. If it fails and is not replaced, then the high-tech plant at Benalla,

30 minutes away, will also have a shaky future because the two must complement each other. So this week I am passionately spending as much time as I can on this. I have brought a petition in from nearly 17,000 people, which was assembled in just three weeks. Nearly 10,000 people marched in Benalla, Yarrawonga and Mulwala last Friday. I am trying to assist the federal government, because it is a very expensive and difficult issue. I hope that during the month of July cabinet will make a decision in the interests of the people whom I represent and in the interests of the people of Australia.

There are two other points. Firstly, let us maintain as far as possible self-sufficiency in respect of our defence strategy for these basic propellants, ammunition and the items manufactured from those. Secondly, I do not know what you think, Mr Deputy Speaker, but every job in Australia is valuable and precious. In regional Australia jobs are hard to come by, and there is a multiplier effect. Depending on which economist you talk to, for one job you get either 2.5 extra or up to nine. Let us be conservative. If jobs for my 700 families are lost in regional Victoria, where I work and live, that multiplies out to a minimum 2,100 extra, up to you name it—maybe 4,000. The loss of those jobs is unimaginable. It cannot be allowed to happen. So what I am doing, as best I can, is speaking to all members of parliament. The ministers have been terrific. Peter Reith and Brendan Nelson have been very attentive, and they have been wrestling with it. They are going to cabinet, I hope, during July. I know that Steve Martin has also made some comments about it. That is the position. I will work as hard as I can, but I do ask all members of parliament to think about those principles that I enunciated and to have regard to these big decisions that are about to be made.

Cyprus: Military Occupation

Mr ALBANESE (Grayndler) (12.54 p.m.)—I rise today to raise the issue of Cyprus and the tragic occurrences in that beautiful island in the 27 years since the Turkish invasion, particularly in terms of the expelled Greek Cypriot population, many of the homes of whom are still unoccupied. The Turkish puppet state have introduced settlers from mainland Turkey to occupy these deserted homes. Perhaps the best example of why this is an issue which must be resolved is the voting of Turkish Cypriots themselves, who have voted with their feet. Many of them have left the island since the invasion. Turkey continues to occupy some 37 per cent of the island. They continue to refuse to give information as to the whereabouts and what happened to the persons missing since the invasion.

Contrary to some of the propaganda which comes out from Turkey, the only state which has recognised the puppet regime, the so-called Turkish Republic of Northern Cyprus, is Turkey itself. The United Nations, the US Congress, the European Union, the European Court, the G8 and the Commonwealth have repeatedly condemned the invasion and called for a solution that maintains the unity of Cyprus. Any solution must ensure that there is a single sovereignty in Cyprus, a single international personality and a single citizenship with independence and territorial integrity safeguarded.

Negotiations between the Republic of Cyprus, the Turkish Cypriot community and Turkey have broken down. The United Nations has attempted to restart negotiations but there is much resistance from the Turkish Cypriot leader Mr Denktash. UN resolutions support a negotiated settlement consistent with the principles enshrined in the United Nations charter to which Australia is a signatory. Turkey and the Turkish Cypriots must return to the negotiating table immediately. Australia needs to take a leading role in ensuring that legality and international order are restored to Cyprus. Australia plays a role in the peacekeeping force which is there at the moment, but we need to do more. The CHOGM conference which is being held later this year in Brisbane is an opportunity for Australia to pursue these issues.

The European Court of Human Rights, in a recent landmark decision, held that Turkey is illegally depriving Cypriot citizens of the right of return to their properties in the occupied

parts of Cyprus. The court has also ruled that Turkey must pay compensation to the individuals concerned. There are many Australian citizens of Cypriot origin who would be able to claim compensation under this ruling but are unable to as they cannot afford to pursue their rights through the European Court. The department of the federal Attorney-General does have a fund to assist these sorts of cases. It is a fund specifically for Australians whose legal rights have been breached abroad and who need financial assistance to pursue these rights. Legal advice is also offered. The federal government should encourage Cypriot Australians who qualify to use this fund to pursue their rights in the European Court as part of Australia's contribution to their rights as individuals but also as part of Australia's commitment to social justice on an international level. I hope that the European Union also accepts the government of the Republic of Cyprus as a full member. At the moment some are demanding that the Cyprus issue be solved prior to that occurring. It seems to me that illegal actions on behalf of the Turkish government should not be rewarded and that the government of the Republic of Cyprus should not be punished as a result of that continued illegal occupation.

I am proud to have the Cyprus Community Club in my electorate. I am also proud to represent an electorate in which Greek Cypriots and Turkish Cypriots live in harmony side by side. That is the great benefit of our multicultural nation. We, as supporters of multiculturalism, need to suggest that the whole world needs to live on that basis. Greek Cypriots and Turkish Cypriots need to once again live side by side under the government of the Republic of Cyprus. (*Time expired*)

Children's Television: Captioning

Mr LLOYD (Robertson) (12.59 p.m.)—My friend and colleague the member for Indi spoke previously in this debate. I make the comment that he is certainly one of the most well-respected members of parliament on both sides of the chamber. He will be sadly missed when he retires.

Mr Neville—He's a very tenacious member.

Mr LLOYD—He certainly is. I have received four letters from students of Kincumber High School—Heather Keuning, Scott Mackenzie, Stuart Clear and Rhiannon Green. They are also all hearing impaired. They have written to me about a subject which is of concern to them and, I believe, to every hearing impaired person in Australia. I will read from one of the letters:

I am a student at Kincumber High School. ... I am in a support class and I use sign language to communicate with deaf and hearing people.

I am writing to you to improve access to education for deaf and hearing impaired children, and thus for the captioning of all children's television programs.

Captions are text representing the soundtrack of a television program or video. Without captions, television is inaccessible to deaf children ...

I am very happy that there is subtitles from 6.00pm to 10.30pm everynight. I like to watch "Big Brother", "Home and Away" and "Buffy & Angel".

However, I don't think it is fair that children's television programs such as Totally Wild, Hi Five, Play School, Here's Humphrey, Bananas in Pyjamas, Winnie the Pooh and Rugrats have not been captioned.

It is something that I did not realise. I am very pleased that they have brought the matter to my attention. The letter continues:

The Children's television standard says that "Children should have access to a wide variety of television programs", yet few children's programs are captioned. The Federal Government has helped the production of children's programs by giving \$150 million since 1988. Less than 1% of that funding would ensure that these programs are captioned.

I will certainly take up this issue with the minister, Senator Alston, to see what can be done to ensure that children's programs are captioned, because it is an important issue. I would like to highlight some of the good work that has been done on the Central Coast with younger children who are hearing impaired. Many people do not realise that in my electorate we have a school called Chertsey School, which is a state school in the suburb of Springfield. It has 300 students, of which 15 are hearing impaired. They are aged from five to 12. They have a special class with their teacher, Gail Vaughan. Under the guidance of their principal, Mr Graham Ford, every student in that school learns Auslan; they learn sign language as part of their language other than English classes. So the entire school has an understanding of, and care for, children who have some sort of disability or impairment.

I was very pleased and privileged to have the Prime Minister visit my electorate recently. A number of schools performed at a community reception for the Prime Minister. The highlight of the whole program was that we had the Chertsey signing choir actually signing as some of the students from other schools sang on stage. It was so inspiring and well received by the community to see these children signing out the words of the songs. It really brought home to me how important it is that these young children have access to captioning from the time they begin to watch television. As we all know, young children learn a great deal from television these days. It probably opens up a whole new argument as to how good that is, but television is part of growing up. There is no reason why these young children should miss out on programs such as *Totally Wild*, *Hi 5* or *Play School* because they cannot hear the words.

I am very pleased that these four students have brought this matter to my attention. I will certainly be making very strong representations to the minister, Senator Alston, to ensure that something can be done so that captioning is put onto children's programs, not just on the programs that are screened from six to 10.30 at night. It is not just necessary for those people who are severely hearing impaired. As we all get older, some of our hearing may fail a little bit. It is also very important for those people who have the slightest hearing impairment, because it adds to the enjoyment of watching a program. I am sure many members have watched programs that have subtitles. It adds to the program, because if you miss a word or you do not quite hear well, or if there is background noise and you have a slight hearing impairment, it increases your understanding of the program.

I reiterate that I am very pleased that these children have brought this matter to my attention. I will do everything I can to ensure that children's programs have captioning.

Main Committee adjourned at 1.04 p.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Roads: Funding
(Question No. 2079)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 12 October 2000:

For each of the last ten financial years, what has been the (a) dollar amount and (b) proportion of Commonwealth road funding to each State and Territory.

Mr Anderson—The answer to the honourable member's question is as follows:

- (a) The table below sets out Commonwealth road funding to each State and Territory. This funding is made up of funding under the ALTD Act for National Highways, National Arterials and Roads of National Importance, Provincial Cities and Rural Highways, State Arterial Roads, Local Roads and Black Spots. It also includes that portion of the State Financial Assistance Grants identified for National Arterials. The Commonwealth grants to local government identified for use on local roads have not been included.

	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
NSW	529.9	446.5	576.6	448.7	444.3	421.1	422.0	448.4	444.7	432.3
VIC	312.9	265.6	346.5	250.7	243.3	241.2	210.9	187.1	203.2	180.8
QLD	298.8	252.4	374.7	239.4	230.1	244.3	274.8	259.4	277.1	294.7
WA	162.1	129.3	162.0	99.0	97.9	115.7	119.7	114.2	129.4	111.4
SA	103.3	81.9	117.0	83.1	78.8	92.4	94.1	130.6	141.7	106.7
TAS	53.7	42.1	58.9	36.2	37.3	42.0	48.3	43.4	47.9	53.6
NT	56.4	35.6	53.3	32.1	31.4	45.3	43.8	49.7	45.2	48.5
ACT	13.0	2.4	5.9	0.7	3.0	5.6	6.9	8.7	19.2	33.3
TOTAL	1,530.0	1,255.8	1,694.8	1,189.8	1,166.1	1,207.5	1,220.6	1,241.6	1,308.4	1,261.4

Totals may not add due to rounding.

- (b) The proportion of Commonwealth road funding paid to each State and Territory is as follows:

	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
NSW	35	36	34	38	38	35	35	36	34	34
VIC	20	21	20	21	21	20	17	15	16	14
QLD	20	20	22	20	20	20	23	21	21	23
WA	11	10	10	8	8	10	10	9	10	9
SA	7	7	7	7	7	8	8	11	11	8
TAS	4	3	3	3	3	3	4	3	4	4
NT	4	3	3	3	3	4	4	4	3	4
ACT	1	-	-	-	-	-	1	1	1	3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Totals may not add due to rounding.

Civil Aviation Safety Authority: Media Strategy
(Question No. 2276)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 6 February 2001:

- (1) Does the Civil Aviation Safety Authority (CASA) have a formal media strategy; if so, when was it developed and by whom.
- (2) Was any external consultant engaged to assist or advise in the preparation of the strategy; if so, what organisation and at what cost.
- (3) Did his office have any input into the development of the media strategy; if so, what was the input.

- (4) What are the aims and objectives of the media strategy.
- (5) Is the current performance of the CASA media unit and senior management consistent with those aims and objectives.

Mr Anderson—The answer to the honourable member's question is as follows:

- (1) Yes. In November 1998 Brian Dale and Partners assisted in the preparation of the Communications Structure for the Civil Aviation Safety Authority (CASA).
- (2) Yes. Brian Dale and Partners at a cost of \$26,754.90.
- (3) No. CASA's media strategy was developed by CASA taking into account the input of the consultant. The Minister's office was not involved.
- (4) The aims of CASA's Communications Structure are to:
 - Help engender public trust and confidence in aviation in Australia; and
 - Ensure that the Authority's staff have access to extensive and pro-active media support.
- (5) As foreshadowed by the Chairman of CASA, Dr Paul Scully Power, at the Senate Rural and Regional Affairs and Transport Legislation Committee hearing on 4 May 2001, the Civil Aviation Safety Authority intends to appoint a suitably qualified public relations firm to review its public relations performance.

The Terms of Reference of the review are being finalised, however it is intended that the review should analyse media commentary and media statements by CASA to determine the latter's appropriateness in contributing to the maintenance of public trust and confidence in Australia's system of aviation safety. Further, it is intended that the review should include an assessment of the adequacy of CASA's public relations resources, protocols, issue management systems and strategies, reporting lines, the role of the CASA Executive, and have regard to the appropriateness of developing protocols with CASA's regulated entities relating to the release of information. It is under the last mentioned provision that it is anticipated the scope for developing a protocol with operators would be considered.

It is intended that as a result of this review a recommended policy for CASA should be developed for the management of public relations issues in the future.

Roads: Murrumbateman

(Question No. 2344)

Mr Martin Ferguson asked the Minister Transport and Regional Services, upon notice, on 7 February 2001:

- (1) Further to the answer to question no 1758 regarding the proposed Murrumbateman by-pass, (a) who is the author of the letter referred to in the first paragraph of the letter, (b) to whom is it written, (c) on what date was it written and (d) is a copy of that letter available; if so where.
- (2) With respect to that part of the answer which states that apart from a small section of Council-owned land the entire route remains in private ownership, what area was resumed by the then Department of Main Roads in 1969 from the property of Hawthorne, Vale View, Merryville and Hillview for the stated purpose of an ultimate dual carriageway.
- (3) When will the preferred Route Selection Report completed by Connell Wagner Pty Ltd be formally released for public consideration.
- (4) How many public sector Departments and agencies have been consulted in the preparation of the Connell Wagner Report and of these organisations, have any expressed a dissenting opinion from the recommendation in the report; if so (a) how many and (b) which Department and agencies.
- (5) When will he make a decision on the preferred route for the Murrumbateman by-pass.

Mr Anderson—The answer to the honourable member's question is as follows.

- (1) I wrote the letter to Mr John Turner MP, NSW Member for Myall Lakes on 9 June 2000. I have not made this letter publicly available.
- (2) The Roads and Traffic Authority (RTA) has advised that none of the land acquired by the NSW Government in the 1960s and the 1970s for road works on the Barton Highway from the four properties mentioned was purchased for an ultimate dual carriageway.

- (3) The Route Selection Report was released on 1 May 2001 for public comment up to 14 June 2001.
- (4) The Route Selection Report states that Connell Wagner sought the views of a number of NSW and Commonwealth agencies following the July 2000 Value Management Study. These views are set out in Section 5 of the Report. I am unaware of the agencies views, if any, on the Report's recommendations.
- (5) I expect to make a decision after the RTA has reported to my Department on the outcome of the public consultation and I have considered advice from my Department.

Roads: Murrumbateman

(Question No. 2453)

Mr Martin Ferguson asked the Minister Transport and Regional Services, upon notice, on 26 March 2001:

- (1) Further to the answer to question no 2187 (*Hansard*, 26 February 2001, page 21224) concerning the proposed Murrumbateman by-pass, (a) what was the nature of the so-called weaknesses in the draft report by the NSW Roads and Traffic Authority (RTA), (b) when were they identified and (c) who identified them.
- (2) When does he expect the RTA to finalise its further consideration in the report and when does he expect to be able to finally determine this matter.
- (3) Since becoming Minister for Transport and Regional Services, has he, his office or his Department discussed the potential decision on the Murrumbateman by-pass with any Minister, staff of a Minister or Department; if so, (a) with whom and which by-pass options were representations made in support of and (b) were any other discussions held with a person or representative of a person involved in development of land for residential activities in and around Murrumbateman who may benefit from a decision as to which route the Murrumbateman by-pass takes.

Mr Anderson—The answer to the honourable member's question is as follows.

- (1) The weaknesses were identified by officers of the Roads Investment Branch of my Department after receipt of the first draft of the report on 3 November 2000. I understand that these officers were concerned by what they considered to be an unsatisfactory standard of argument, justification and presentation in parts of the draft report.
- (2) The report was released on 1 May 2001 for public comment up to 14 June 2001. The RTA has advised that it intends to report to my Department on the outcome of these consultations by 30 June 2001. My Department will then advise me in relation to the determining of the route of the by-pass and I will make my decision following consideration of this advice.
- (3) There have been discussions on the bypass issue between me, members of my staff and my Department. Some members of the Murrumbateman community, and the Member for Hume, Mr Alby Schultz MP, have met with my staff or with my Department to present their views on the by-pass. Departmental officers have also attended community consultation processes where a variety of community views were presented.

National Archives Repository: Holdings

(Question No. 2474)

Mr Rudd asked the Minister for the Arts and the Centenary of Federation, upon notice, on 27 March 2001:

- (1) Will no documents of local historical significance, including documents reasonably expected to be accessed for the purposes of genealogical investigation, be destroyed or transferred to repositories outside Queensland, in the course of the relocation of holdings currently stored at the National Archives repository in Cannon Hill, Qld.
- (2) What audit or review procedure will be followed when determining the future of holdings currently stored at the National Archives repository in Cannon Hill, including any consultancy arrangements entered into for the purpose of undertaking such a review.

Mr McGauran—The answer to the honourable member's question is as follows:

- (1) No records of local historical significance to Queensland will be destroyed. Records used by Queensland researchers any time in the last twenty years or assessed by the archivists as most likely to be used in the future will remain in Brisbane.
- (2) A review of the collection at the Cannon Hill repository will follow standard Archives procedure. Under the Archives Act 1983, the Archives is responsible for determining which records of the Commonwealth government are to be kept, and for authorising the disposal of records that are no longer required. The Archives applies modern archival appraisal techniques, based on the Australian Standard AS4390-1996, Records Management, to make decisions about what records need to be kept to satisfy the needs of accountability, the community and government business.

The appraisal process includes consultation with stakeholders at two stages. Agencies consult the stakeholders with a business interest in the records in the course of assessing the period for which records need to be retained. The Archives considers these recommendations independently and arranges consultation with a broader range of stakeholders if necessary to determine the records to be selected as national archives. The Archives approves arrangements for keeping or destroying records by issuing records disposal authorities that prescribe which records are to be retained and which may be disposed of at a specific age.

Using as its framework the Australian Standards and Records Disposal Authorities, the Archives applies a rigorous administrative process of review checks and balances which ensures that no record is destroyed accidentally or unintentionally. The focus is on distinguishing clearly between records of true archival value, records which are to be retained for a further period of time solely for administrative purposes, and records which are of little or no value.

The review process is undertaken by relevant agency staff at either Archival or agency premises. The Archives provides relevant advice and training and ensures that appropriate records disposal authorities are used. Records are maintained of all Archival decisions taken, including for any records disposed of.

There are no proposed consultancy arrangements.

**Sydney (Kingsford Smith) Airport: Sale
(Question No. 2521)**

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 5 April 2001:

- (1) Will the Government table in the House of Representatives the (a) Master Plan for Sydney Airport, (b) scoping study issued to investment bank Salomon Smith Barney for the sale of Sydney Airport, (c) Airspace Management Plan for Sydney Airport and (d) transcript of the transport conference held in Singapore on 10-11 March 2001, attended by Sydney Airports Corporation.
- (2) Is he able to supply a list of who will be the prospective bidders for Sydney Airport.
- (3) Is he able to define what is Cabinet's desired percentage of local ownership of Sydney Airport after privatisation.
- (4) What environmental responsibilities will apply to a private company making a land use on Commonwealth land, in particular a private company operating on Sydney Airport.
- (5) What public participation rights are provisioned in the proposed lease of Sydney Airport.

Mr Anderson—The answer to the honourable member's question is as follows:

- (1) (a) A Master Plan for Sydney Airport will not be available until 2002, following its sale later this year.
- (b) No. This is Commercial-in-confidence material.
- (c) The airspace arrangements at Sydney Airport are detailed in the Airport's Long Term Operating Plan (LTOP). Copies of LTOP documentation are freely available to the public.
- (d) My Department has advised that it does not have any information on this conference.
- (2) No.
- (3) The Government has not targeted a specific desired percentage of local ownership. However, given the 49% limit on foreign ownership contained in the Airports Act 1996 (the Act) which all

of the leased Federal airports have to comply with, Sydney Airports Corporation Limited (SACL) will have to be at least 51% Australian owned.

- (4) A private company operating at Sydney Airport is subject to the Act and the Airports (Environment Protection) Regulations 1997 (the EP Regulations) which outline a comprehensive environmental management framework designed to protect issues of environmental significance at each leased Federal airport and improve the environmental condition of these sites.

The Act contains provisions for addressing major developments at Sydney and the other leased Federal airports, which includes those that may have environmentally significant effects. The major development plan (MDP) process, if triggered by developments of a type itemised in s.89 of the Act, includes a 90-day public comment period. The approval of the Minister for Transport and Regional Services is required before such a development can proceed. Any issues of environmental significance triggering the MDP provisions will also need to be considered by the Commonwealth Environment Minister.

An operator on Commonwealth land is also subject to the Environment Protection & Biodiversity Conservation Act 1999 (EPBC Act), the Australian Heritage Commission Act 1975, the Endangered Species Protection Act and the Aboriginal and Torres Strait Islander Heritage Protection Act 1984. Those operating on Commonwealth airport land will be subject to the EPBC Act under provisions outlined in section 160.

Operators at leased Federal airports are also subject to a range of State or Territory environment legislation, including matters such as ozone depleting substances; waste management; pollution from motor vehicles; OH&S issues; and use of pesticides. The EP Regulations require the operators at airports to abide by a general duty to (i) avoid pollution, (ii) to preserve and (iii) to prevent offensive noise. These general duties can be enforced via environmental protection order provisions and fines.

Operators of undertakings at airports may be accountable for environmental issues via their sub-lease provisions - entered into with the airport lessee company (ALC). The ALC can impose environmental responsibilities on operators to ensure the protection of the environment at particular sites. These conditions operate in the same way as other contract provisions in terms of enforceability.

Sydney Airport has an Airport Environment Strategy (AES) in place approved by the Minister of Transport and Regional Services. The AES summarises a series of obligations for the ALC and any tenants operating on the site. Although the AES is not a legally binding document on tenants itself, other mechanisms can be used to enforce the requirements of the document on tenants (such as contract provisions and the general duty provisions outlined above).

- (5) There will be no change in the Airport lease as a result of the sale of Sydney Airport. The Government is selling its shares in SACL, which already holds a lease for the site.

Convention on the International Trade in Endangered Species

(Question No. 2536)

Mr McClelland asked the Minister for Foreign Affairs, upon notice, on 22 May:

Have changes been proposed to the Convention on the International Trade in Endangered Species (CITES); if so, what is the position of the Australian Government in respect of those proposed changes.

Mr Downer—The following is the answer to the honourable member's question:

I am not aware of any changes proposed for CITES.

Aviation: Baggage Charge

(Question No. 2558)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 22 May 2001:

- (1) Is the per passenger Baggage Screening Charge applied to passengers departing Australian international airports (a) \$1 at Adelaide, (b) \$2.97 at Darwin, (c) \$1.56 at Brisbane, (d) \$1.40 at Melbourne and (e) \$0.52 at Perth.

- (2) Does the charge apply to passengers departing or arriving at any other Australian airport, if so, which airports and what sum is charged.
- (3) Are there any exemptions to payment of this charge.
- (4) What is the basis of calculating these rates for these airports.
- (5) Who collects this charge, which Government authority receives the money collected, and why is it charged.
- (6) When did the charge commence and what sum has been collected since its introduction

Mr Anderson—The answer to the honourable member's question is as follows:

- (1) Yes, these are the current charges at the listed airports (excluding GST).
- (2) Checked bag screening charges also apply at Cairns and Sydney Airports. The rate at Cairns is \$0.75 (excluding GST) per departing international pax while the charge at Sydney is \$1.30 (excluding GST) per tonne (based on the maximum take-off weight) for departing international passenger aircraft.
- (3) (4), (5) and (6) The Air Navigation (Checked Baggage) Regulations 2000 require the operators of Australia's seven largest international airports to provide a checked bag screening capability for the baggage of departing international passengers. This requirement is in accordance with a Recommended Practice of the International Civil Aviation Organisation and represented a significant improvement in Australia's aviation security in the lead up to the Sydney Olympics. The regulations came into effect on 9 June 2000.

The airport operators have chosen to pass on the cost of complying with the regulations to the airlines. Most airports are imposing a per passenger charge on departing international passengers while Sydney has a charge based on aircraft weight. No Government authority levies or collects these charges.

These baggage screening charges, as with other airport charges, are regulated by the Australian Competition and Consumer Commission (ACCC) under a directive made pursuant to the Prices Surveillance Act 1983. Under the terms of the directive the ACCC allows a 100 per cent pass-through of those direct costs related to Government mandated airport security requirements.

The airport operators are required to provide full details of their proposed charges, together with the costs on which they have been based, to the ACCC for approval. These costs are determined by location specific screening arrangements and by passenger throughput. The Department of Transport and Regional Services is not involved in the setting or monitoring of these charges and is not aware of the total amounts collected by each airport since the charges were introduced.

Australian War Memorial: Grants Scheme

(Question No. 2565)

Ms Plibersek asked the Minister for Veterans' Affairs, upon notice, on 22 May 2001:

- (1) During the period January 1992 to February 2001, how many staff currently employed by the Australian War Memorial (AWM) have been granted research awards, grants, fellowships or subsidies under the Memorial's grants scheme.
- (2) Of those personnel awarded such grants, how many have been, or are in receipt of more than one grant.
- (3) How much travel leave is allocated each year to AWM staff engaged in research and of these recipients how many staff have taken such leave on more than one year within the period 1992 to 2000.
- (4) Has the taxpayer subsidised AWM staff for travel, research or special leave outside the Memorial's grant scheme.
- (5) Has the AWM's charter discriminated against any member of the public.

Mr Bruce Scott—The answer to the honourable member's question is as follows:

- (1) In 1991-92, one staff member utilised a one-year scholarship under the Memorial's Staff Post-graduate Research Assistance Scheme to complete a doctoral thesis. This scheme has not been operational since that time.

Since 1993, members of AWM staff have been eligible for support under the Memorial's Research Policy. The policy allows staff to apply for funds to conduct research in Australian Military History and on the collection. Applications are considered on merit and the appropriate level of funding allocated to successful applicants. Total funding available under this policy is currently \$25 000 per annum. The grants take the form of either funding the backfilling of the grantee's normal position while the grantee is 'offline' for the research period, or by reimbursement of non-salary research expenses. In the period 1993-94 to 2000-2001, twenty staff members have been awarded grants for twenty-three research projects.

Funds are available (commencing in 2000-01) for staff, other than Senior Executives and Senior Officers, to participate in study tours, as part of their development. Candidates are chosen on the basis of merit against prescribed selection criteria. Three staff members have taken up this opportunity.

The Memorial's Senior Officers (Executive Levels 1 and 2) are able, in lieu of performance pay and as part of the AWM's Certified Workplace Agreement, to access funds to conduct research and, as part of this, if necessary, to undertake travel. Twelve Senior Officers have availed themselves of this opportunity.

- (2) The Research Policy does not limit staff to a single grant. Applications from previous grantees are allowable in later years; however, the scheme is administered with a view to equity for all staff members. Three people have been awarded more than one grant – each has been awarded two grants.
- (3) Under the Memorial's Research Policy, outlined in the response to Question 1, staff are able to undertake research on approved projects. Funding may be used for travel, but this would not entail leave.
- (4) The Memorial's Research Policy encourages staff to seek external support for research projects and other bodies, including the Commonwealth, have provided such support. The Australian Army's Military History Research Grants Scheme has provided support on six occasions to three Memorial historians to undertake research.
- (5) The Memorial does not discriminate against any member of the public. The Memorial's Service Charter requires that all clients be treated equally at all times.

**Natural Heritage Trust: Prospect Electorate Applications
(Question No. 2569)**

Mrs Crosio asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 22 May 2001:

- (1) How many applications for funding under the Natural Heritage Trust have been received from projects located in the electoral division of Prospect since the Natural Heritage Trust was established.
- (2) Have any of these funding applications been approved; if so, which applications.
- (3) What, if any, Natural Heritage Trust projects have been completed in the electoral division of Prospect.
- (4) What is the expected date of completion of ongoing Natural Heritage Trust projects in the electoral division of Prospect.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member's question:

- (1) Environment Australia can not advise how many applications for Natural Heritage Trust funding have been received from proponents for projects located in the electoral division of Prospect as electorate information is not generated for unsuccessful applications. Information regarding which electorates projects are located within are only generated once projects are approved.
- (2) One project has been approved that resides solely in the electoral division of Prospect. The details are:

Title: Restoration and Invigoration of Cumberland Plain Woodland at Stockdale Reserve Abbotsbury

Organisation: Fairfield Creeks and Wetlands Environment Strategy Group

Funding amount: \$17,500 in 2000-01

Description: Restore and enhance a 0.9 Ha stand of Cumberland Plain Woodland within Stockdale reserve. To protect genetic stock and enhance fauna habitat. To establish links with Orphan School Creek on a local level as a fauna corridor. To provide quality information, increase public awareness and foster ownership of the woodland. To help close the gap in green linkages along the Orphan School Creek.

- (3) The proponents have applied for further funds for this project for 2001-02.
- (4) If the proponents are successful in gaining a second year of funding the anticipated completion date is September 2002.

Companies: Insolvency and Employee Entitlements

(Question No. 2570)

Mrs Crosio asked the Minister for Employment, Workplace Relations and Small Business, upon notice, on 22 May 2001:

- (1) Did his statement on the Employee Entitlements Support Scheme say that there is inadequate data collected for the implementation of any insurance option in regard to employee entitlements; if so, does his Department collect figures on the number of corporate insolvencies that occur each year; if not, why not.
- (2) Does his Department collect figures on the sum of employee entitlements that are paid out to creditors other than employees in the cases of employer insolvency; if not, why not.
- (3) Does his Department collect figures on the amount of employee entitlements which are accrued by employees each year; if not, why not.
- (4) Has he considered commissioning his Department to compile figures on insolvencies and employee entitlements; if not, why not.
- (5) Has he considered directing the Australian Bureau of Statistics to collect information and statistics on corporate insolvencies and employee entitlements; if not, why not.

Mr Abbott—The answer to the honourable member's question is as follows:

- (1) The Ministerial Statement on the Protection of Employee Entitlements on Employer Insolvency, which I released on 31 January 2001, included the statement "there is also inadequate data for the implementation of any insurance option: insurers would either be unwilling to enter the market or else would have to charge unacceptably high premiums to cover the lack of data."(p7). This remains the case. The Year One Activity Report for the Employee Entitlements Support Scheme(EESS), which I also released on 31 January 2001 referred to a range of estimates that had been canvassed previously and drew upon the data collected from the first twelve months of EESS to make some preliminary estimates of employee entitlements lost on insolvency. The Report noted that it was too early to predict what the extent of lost employee entitlements in the community might be over the economic cycle. My Department does not collect figures on the number of corporate insolvencies that occur each year. Responsibility for this issue is with the Australian Securities and Investments Commission (ASIC) and ASIC publishes figures on a monthly basis.
- (2) My Department does not collect figures on the sum of employee entitlements that are paid out to creditors other than employees in the case of employer insolvency. Under normal circumstances a creditor, who is not an employee, would not accrue employee entitlements.
- (3) My Department does not collect figures on the amount of employee entitlements which are accrued by employees each year. Employee entitlements are derived from various agreements, awards and legislation with considerable variation in the rates of accrual. In addition, the rate and method of taking of entitlements by employees varies considerably.
- (4) The responsibility for collecting information on insolvencies rests with the ASIC. The continued operation of the Employee Entitlements Support Scheme will result in the most comprehensive data yet available on the treatment of employee entitlements in the context of employer insolvencies.
- (5) Responsibility for the Australian Bureau of Statistics rests with my colleague the Treasurer.

Australian Standards: STORZ-Type Coupling
(Question No. 2576)

Mr Latham asked the Minister representing the Minister for Industry, Science and Resources, upon notice, on 23 May 2001:

What progress has been made since the answer to question No. 822 (*Hansard*, 21 September 1999, page 10137) on the project to develop an Australian Standard on the European STORZ-type coupling.

Mr Reith—The Minister for Industry, Science and Resources has provided the following answer to the honourable member's question:

The project to develop an Australian Standard for European STORZ-type coupling is awaiting input from industry to finalise a design for hose couplings so that Standards Australia can progress the development of an Australian Standard.

Standards Australia has sought assistance from representatives of the fire services industry and, in particular, from the Australasian Fire Authorities Council. The Council has advised that this issue will be progressed when it next meets in August 2001.

Battle for Australia: Commemoration
(Question No. 2587)

Mrs Crosio asked the Minister for Veterans' Affairs, upon notice, on 24 May 2001:

- (1) Will the national Battle for Australia Day ceremony, which was held at the Australian War Memorial in Canberra 6 September 2000, become an annual commemorative event.
- (2) What arrangements has his Department or the Battle for Australia National Council made for official commemoration of the Battle for Australia in 2001.
- (3) What effort has his Department or the Battle for Australia National Council made to involve school students and teachers in the electoral division of Prospect to learn more about the events of the Battle for Australia.
- (4) What effort has his Department or the Battle for Australia National Council made to involve RSL clubs and other organisations in the electoral division of Prospect in ceremonies commemorating the Battle for Australia.

Mr Bruce Scott—The answer to the honourable member's question is as follows:

- (1) The 2000 ceremony was organised by the Battle for Australia Commemoration Committee (ACT). The Committee is organising a similar ceremony at the Australian War Memorial for Wednesday, 5 September 2001. I am advised that it is the intention of the committee that it become an annual event, occurring on the first Wednesday in September each year.
- (2) Battle for Australia commemorations will be held this year in Canberra, Sydney, Melbourne and Brisbane, and in regional centres, including Newcastle, Port Macquarie, Tamworth, Cooma and Bendigo. These commemorations are organised by the Battle for Australia State committees at the instigation of the Battle for Australia Commemoration National Council. My Department attends meetings of the National Council and the State committees in New South Wales and Victoria. National Council and State committee members are responsible for disseminating information about the commemorations to ex-service organisations and other veterans and encouraging their participation.
- (3) My Department has assisted the National Council and State committees in developing their media and communication strategies. State committees encourage the involvement of schools in annual ceremonies and in 2000, many school students attended ceremonies in Sydney and Melbourne. State committees anticipate that an increasing number of students and teachers will attend this year's ceremonies. My Department has asked the NSW State Committee to ensure that students and teachers in the electoral division of Prospect are informed about the events of the Battle for Australia. The National Council is developing a website that will contain information about Battle for Australia ceremonies and events, the roles of the National Council and State committees, and information for schools on the background to the Battle for Australia ceremonies.

- (4) Most of the major ex-service organisations are represented on the National Council and State committees. The National President of the RSL, National President of the RAAF Association, Federal President of the Naval Association of Australia, National President of the Australian Legion of Ex-Servicemen and Women and Executive Officer of the National Legacy Co-ordinating Council are members of the National Council. Chairpersons from the NSW, Victorian, Queensland and ACT committees are members of the National Council as is the National President of the History Teachers' Association of Australia. A representative of the Australia-PNG Friendship Association has been coopted on to the National Council.

Members of the National Council and the State committees have the responsibility to communicate with their sub-branches. My Department has asked the NSW State Committee to ensure that every effort is made to involve RSL clubs and other organisations in the electoral division of Prospect in ceremonies concerning the Battle for Australia.

University Chair: International Human Rights

(Question No. 2589)

Mr Kerr asked the Minister for Foreign Affairs, upon notice, on 24 May 2001:

Will he give consideration to endowing a Chair in International Human Rights within an Australian university in honour of the late Peter Nugent.

Mr Downer—The following is the answer to the honourable member's question:

I will consider the suggestion.

Sydney (Kingsford Smith) Airport: Long Term Operating Plan

(Question No. 2600)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 24 May 2001:

- (1) Further to part (2) of the answer to question No. 2307, (a) is the forecast movements to the north of Sydney Airport 17% of movements at Sydney Airport, (b) when read with part 3 of his answer and noting that aggregate movements to the north are 27.3%, the Long Term Operating Plan (LTOP) has not been substantially implemented and (c) does the gap between aggregate and forecast LTOP movements to the north of Sydney Airport (being $27.3\% - 17\% = 10.3\%$) constitute substantial non-compliance to the implementation of the LTOP.
- (2) Further to part (7) of the answer to question No. 2307, (a) upon what advice does he rely in reaching his conclusion that Bankstown Airport will not be an impediment to the implementation of the LTOP for Sydney Airport; (b) who advised him that this is the case and (c) will he furnish copies of this advice in Parliament.
- (3) Further to part (6) of the answer to question No. 2307, (a) what is the linear distance between Sydney Airport and Bankstown Airport, (b) in light of his answer to part (12) of question No. 2305 that there has been no Environmental Impact Statement undertaken on Bankstown Airport, upon what basis can the Government justify its 13 December 2000 announcement that Bankstown Airport be used as an overflow airport for Sydney Airport, whilst asserting in part (6) that safety factors have been the overriding consideration for establishing the noise sharing regime at Sydney Airport, (c) is his answer to part (6) then without probative evidence, (d) does the precautionary principle direct him to conclude that lack of full scientific certainty ought not postpone measures to mitigate against harm from the Government's.

13 December 2000 decision and subsequent decisions on the lease of Sydney Airport, in particular (i) non-negligible and foreseeable risk of harm in aircraft safety in light of the proximity between Sydney and Bankstown Airports and (ii) non-negligible and foreseeable risk of harm in terms of inequitable distribution of aircraft noise as prescribed in the LTOP forecasts, (e) does the intended change of use of Bankstown Airport justify the referral of that use to the Minister for the Environment and Heritage for the purpose of environmental assessment under the Environment Protection and Biodiversity Conservation Act and (f) does the change in airport use at Sydney Airport as foreshadowed in the installation of the Precision Runway Monitor System and the proposed changes to the SLOTS system also justify the application of Commonwealth environmental law for environmental assessment of these proposed changes of use; if so, when will he refer the pro-

posed changes of use of Sydney basin airports to the Minister for the Environment and Heritage for environmental assessment.

Mr Anderson—The answer to the honourable member's question is as follows:

- (1) LTOP contains no forecasts. The figure of 17% of total movements to the north of Sydney Airport is a target.
- (2) I am advised by Airservices Australia that Bankstown Airport operations can be configured so they will not be an impediment to the implementation of the remaining elements of LTOP such as the 'trident' and 'power-off' approaches.
- (3) Safety factors will be the overriding consideration in re-designing the airspace to facilitate Bankstown Airport operating as an overflow airport for Sydney Airport. Future development of Bankstown Airport will be subject to the necessary clearances being received under both the Airports Act 1996 and the Environment and Biodiversity Conservation Act 1999. Matters will be referred to the Minister for Environment and Heritage in accordance with the requirements of the legislation.

Bass Electorate: Veterans' Affairs Pensioners

(Question No. 2609)

Ms O'Byrne asked the Minister for Veterans' Affairs, upon notice, on 4 June 2001:

- (1) How many recipients of a Veterans' Affairs pension reside in the electoral division of Bass.
- (2) How many of these pensioners reside in each of the postcode areas within the electoral division of Bass.

Mr Bruce Scott—The answer to the honourable member's question is as follows:

- (1) As at 9 June 2001 there were 3468 pension recipients residing in the electoral division of Bass.
- (2) The table below illustrates the number of these pensioners residing in each of the postcode areas within the electoral division of Bass.

Post-code	Disability Pensioners	Veteran Service Pensioners	Partner Service Pensioners	War Widow(er) Pensioners	Orphan Pensioners	Income Support Supplement (ISS)	Social Security Age Pensioners	Net Total Pensioners
7212	1	2	1	1	0	1	0	5
7248	141	195	137	123	0	104	2	478
7249	173	225	160	159	0	116	4	566
7250	576	695	526	455	2	336	3	1818
7252	14	14	11	6	0	2	0	36
7253	50	60	40	36	0	31	2	150
7254	4	5	2	1	0	1	0	10
7255	16	13	6	5	0	5	0	30
7257	0	0	0	0	0	0	0	0
7258	1	2	2	0	0	0	0	5
7259	6	3	2	1	0	1	0	10
7260	26	39	28	30	0	24	0	100
7261	10	11	10	4	0	3	0	30
7262	28	35	25	23	0	19	2	93
7263	4	3	0	5	0	5	0	10
7264	4	5	6	2	0	1	0	14
7265	2	2	1	2	0	2	0	6
7267	4	4	1	2	0	2	0	9
7268	6	8	6	4	1	4	0	21
7277	25	31	24	10	0	7	0	77
Total	1091	1352	988	869	3	664	13	3468*

- Some pensioners may receive more than one Veterans' Affairs pension. For this reason the total number of pensioners will not match the sum of the different pension types.

Bass Electorate: Veterans' Affairs Gold Card Holders

(Question No. 2610)

Ms O'Byrne asked the Minister for Veterans' Affairs, upon notice, on 4 June 2001:

- (1) How many (a) veterans and (b) spouses of veterans in the electoral division of Bass currently have a Gold Card.
- (2) How many of these (a) veterans and (b) spouses reside in each of the postcode areas within the electoral division of Bass.

Mr Bruce Scott—The answer to the honourable member's question is as follows:

- (1) As at 31 March 2001 there were (a) 1428 veterans and (b) 815 spouses of veterans in the electoral division of Bass currently in receipt of a Gold Card.
- (2) The table below illustrates the number of (a) veterans and (b) spouses of veterans residing in each of the postcode areas within the electoral division of Bass.

Postcode	Veterans	Spouses (*)
7212	2	1
7248	190	116
7249	230	145
7250	758	430
7252	11	5
7253	54	33
7254	4	1
7255	16	5
7258	2	0
7259	4	1
7260	47	28
7261	14	4
7262	41	23
7263	3	5
7264	6	1
7265	3	2
7267	3	2
7268	10	5
7277	30	8
Total	1428	815

* There are two broad categories of Gold Card holders – veterans who satisfy specific criteria, and war widows and war widowers. The table above shows 815 spouses as being Gold Card holders. Of these, 810 are war widows/widowers and the other five ex-service women with an entitlement to the Gold Card in their own right.

Telstra: Network Design and Construction Sale**(Question No. 2620)**

Mr Murphy asked the Minister representing the Minister for Communications, Information Technology and the Arts, upon notice, on 4 June 2001:

- (1) Is the Government to sell the construction and installation arm of Telstra, Network Design and Construction (NDC); if so, (a) when and (b) what will be the process for the sale.

Mr McGauran—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member's question:

- (1) No. While Telstra is partially Government-owned, Telstra has been an independent corporation since 1992. Telstra's Board and Management are responsible for the day to day running of the company's operations. The Government's role is to establish the legislative framework within which all telecommunications service providers (including Telstra) must operate. The Government does not believe it should tell management how to run the company. Decisions about how the company carries on business, staffing levels and investment decisions belong quite rightfully with the Board.

Family Law: Committee Recommendations**(Question No. 2640)**

Mr Price asked the Minister for Community Services, upon notice, on 5 June 2001:

- (1) Which of the recommendations proposed by the Joint Select Committee on Certain Family Law Issues have (a) been fully implemented and (b) not been implemented.
- (2) Which recommendations have been partially implemented and in what way.

Mr Anthony—The answer to the honourable member's question is as follows:

- (1) (a) 163 recommendations were made by the Joint Select Committee into Certain Family Law Matters.

The following recommendations have been implemented: 2, 4, 5, 7 to 11, 15, 16, 18 to 23, 25 to 31, 33 to 40, 44, 52 to 57, 61, 63 to 65, 67 to 69, 71, 72, 75, 76, 85 to 90, 92, 93, 95 to 97, 99, 103 to 108, 111 to 114, 116, 117, 119, 120, 122, 124, 126 to 131, 142, 143, 147 to 149, 152, 156, and 159 to 162.

(b) Recommendations 1, 3, 6, 14, 41, 42, 45, 46, 49, 51, 62, 70, 73, 74, 77 to 79, 81 to 84, 91, 94, 100 to 102, 109, 110, 132, 134 to 138, 145, 146, 153 to 155, 158 and 163 have not been implemented. Recommendations 42, 60, 66 and 100 were not implemented as they were already incorporated within the Scheme.

The Child Support Legislation Amendment Bill (No 2) 2000, currently before Parliament, addresses recommendations 115 and 121.

- (2) Recommendations which were partially implemented or where an alternative solution was provided include:

No 12 - Review Location of CSA. Originally disagreed with but location has been reviewed and changed to Family and Community Services portfolio.

No 13 - Dedicated Case offices. Although originally not agreed to, case officers have been put in place for new cases and debt management, and some other cases that require dedicated case management.

No 17 - Discretion to suspend enforcement where there is Domestic Violence. Alternative solution now in place that allows a parent to obtain an exemption from taking reasonable maintenance action.

No 24 - Resources package for 3rd parties for pre-marriage. Originally disagreed but with qualification to explore possibilities. Re-parenting program developed. Input being provided to broader families strategies.

No 32 - Rewrite computer correspondence. Partially implemented and ongoing. A full implementation requires major IT changes which are under way.

No 43 - Start date of liability. Start date amended to the date of application instead of the recommendation to amend it to the date of the expiration of the appeal period.

No 47 and 48 - CSA can disburse money if no appeal under S107 of the Assessment Act. Alternate solution provided. The Registrar can only hold money in trust if an appeal is actually made.

No 50 - Family Court to delegate parentage issues. Part alternate solution found. The Federal Magistracy can now deal with these.

No 58 and 59 - Due dates of payments. Due dates of payments was not changed, however the combination of other changes has reduced delays in the first payment made.

No 80 - Publish review decision. This was disagreed with but Policy Guidelines have been developed that are available to parents.

No 98 - Require parents to attend for interview. More flexible arrangements are used through telephone interviews.

No 118 - Reduce payees' disregarded income. Partially agreed, amount reduced to level of 'All Employees Average Weekly Earnings'.

No 123 - Increase payers' exempt income. Partially implemented increase of 10 per cent rather than JSC recommendation for 20 per cent increase.

No 125 - Abolish current system of estimates. Disagreed but significant changes have been implemented.

No 133 - Allow CSA to order child support after 18. Partially agreed. Assessments can now be extended to the last day of the school year in which a child turns 18.

No 139 - Increase subsequent family exempt income. The JSC recommended a 20 per cent increase. However, the Government considered an increase in the amount tied to the pension rate was appropriate, and this has been implemented.

No 140 - Increase exempt income for shared care. Increased but not to the amount recommended. The Government increased the exempt amount by the age related additional amounts in the 'subsequent family' exempt income level.

No 141 - Deduct child support from income used to calculate family assistance payments. Originally only 50 per cent allowed. The Bill currently before Parliament seeks to increase this to the JSC recommended 100 per cent level.

No 144 - Parents to report Fringe Benefits. Agreed partially and a simpler alternative solution implemented based on reporting through the tax system.

No 150 and 151 - Use of assets in assessment. Whilst assets are not taken into account in formula assessments, they can be considered in the change of assessment process.

No 157 - Examine accreditation of legal practitioners. This was originally disagreed with, as it was a State/Territory responsibility. However, an alternative solution was implemented through consultation with the States and Territories over advertising guidelines for legal practitioners, including specialist services, provided in the legal services market.

Sydney Basin: Toxic Transport Emissions

(Question No. 2675)

Mr Murphy asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 7 June 2001:

Is the Minister able to say whether any comprehensive studies have been done of health risks associated with long-term exposure to toxic transport emissions anywhere in the Sydney basin, particularly adjacent to and downwind of the ports area in the eastern half of the basin.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member's question:

Environment Australia has not funded or participated in any such studies nor am I aware of any such studies being conducted by other parties.

Illegal Immigration: Detention Centres

(Question No. 2686)

Mr Price asked the Minister for Immigration and Multicultural Affairs, upon notice, on 7 June 2001:

- (1) On what basis are Ministers of Religion accredited to visit Detention Centres
- (2) Are accredited Ministers of Religion required not to discuss with the media what they see in the Detention Centres; if so, is this (a) as a result of legislation; if so, what legislation, (b) Government policy, (c) departmental policy or (d) ACM policy.

Mr Ruddock—The answer to the honourable member's question is as follows:

- (1) Visits by recognised Ministers of Religion to Immigration Detention Centres are facilitated in accordance with the Immigration Detention Standards (IDS). Under the IDS, a qualified religious representative is allowed access to the centre to hold regular services and to pay pastoral visits to detainees of the appropriate religion at proper times, so long as it does not interfere with the security and management of the detention facility.

All visitors to an immigration detention facility, including Religious Ministers or a representative of a religious body must request approval in writing from the local Department of Immigration and Multicultural Affairs (DIMA) Business Manager before a visit can be facilitated. The request must clearly identify the purpose of the visit. If permission is granted, ACM is notified and requested to provide appropriate facilities for the visit and to supervise the visit or any activity related to the visit.

- (2) There is no DIMA or ACM policy that requires any visitor, including Religious Ministers to not discuss with the media what they see in Immigration Detention Centres. However, it may be necessary to obtain a signed agreement from a visitor that the privacy rights of detainees would not be breached in any way.