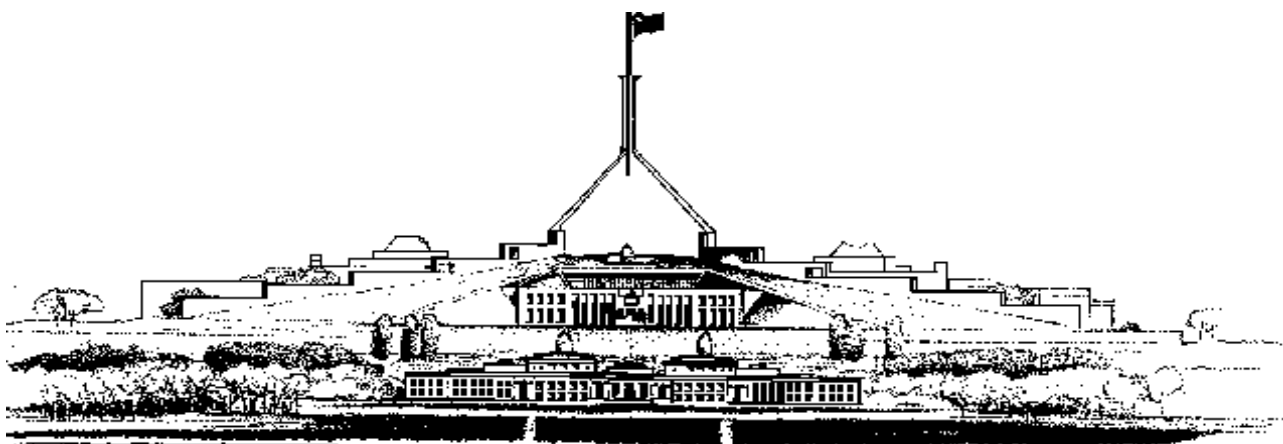




COMMONWEALTH OF AUSTRALIA

**PARLIAMENTARY DEBATES**



**HOUSE OF  
REPRESENTATIVES**

**Official Hansard**

**No. 5, 2002**

**WEDNESDAY, 15 MAY 2002**

**FORTIETH PARLIAMENT  
FIRST SESSION—SECOND PERIOD**

**BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES**

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### SITTING DAYS—2002

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May	14, 15, 16, 27, 28, 29, 30
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November	11, 12, 13, 14
December	2, 3, 4, 5, 9, 10, 11, 12

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<i>PERTH</i>	585 AM
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*Wednesday, 15 May 2002*

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

**FINANCIAL CORPORATIONS  
(TRANSFER OF ASSETS AND  
LIABILITIES) AMENDMENT  
BILL 2002**

**First Reading**

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

Ordered that the second reading be made an order of the day at a later hour this day.

**BILLS REFERRED TO MAIN  
COMMITTEE**

**Mr LLOYD** (Robertson) (9.32 a.m.)—by leave—I move:

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

Financial Corporations (Transfer of Assets and Liabilities) Amendment Bill 2002.

Question agreed to.

**BUSINESS**

**Withdrawal**

**Mr ENTSCH** (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (9.32 a.m.)—by leave—I move:

That the following order of the day, government business, be discharged:

Airports Amendment Bill 2002—Second reading—Resumption of debate.

Question agreed to.

**EXPORT MARKET DEVELOPMENT  
GRANTS AMENDMENT BILL 2002**

**First Reading**

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

**Second Reading**

**Mr ANTHONY** (Richmond—Minister for Children and Youth Affairs) (9.35 a.m.)—I move:

That this bill be now read a second time.

The **Export Market Development Grants Amendment Bill 2002** delivers on the government's election promise to increase the minimum grant available under the EMDG

scheme from \$2,500 to \$5,000 in order to improve small business access to that scheme.

The EMDG scheme supports the export promotion activities of eligible businesses under \$50 million per annum turnover by partially reimbursing the expenses that these businesses incur in promoting their exports.

The scheme, administered by Austrade, is a proven success in assisting small business to export, and supports this government's goal of doubling the number of Australian firms exporting by 2006.

In financial year 2000-01 the scheme paid grants averaging around \$46,000 to some 3,000 businesses, 688 of which received a grant for the first time. These businesses generated \$4.4 billion in exports and employed over 52,000 Australians to fill their export orders. Twenty-three per cent of these grants went to businesses in rural and regional Australia, highlighting the fact that the scheme is providing effective assistance to businesses around Australia that are seeking to develop export markets.

As mentioned in the government's 2002 trade outcomes and objectives statement, Australia's export performance has been excellent over recent years. In 2001, we exported \$154 billion worth of goods and services—an eight per cent increase on the previous year, a 54 per cent increase on 1996.

But the key thing to remember about this result is that it was actually achieved by a very modest number of exporters. Even experienced trade people are surprised to hear that only some 25,000 Australian companies export.

That represents just four per cent of the total number of businesses in this country—a proportion that is pretty low by comparable international standards.

This means that, despite our improved export performance, Australia needs to continue to encourage more firms to export if we are to remain globally competitive and, therefore, prosperous at home.

Late last year, the coalition released its trade policy—Australians Exporting to the World—the centrepiece of which was our

aim to double the number of Australian exporters by 2006. In April this year, the government signed an historic agreement with the states and territories that sets out a comprehensive plan to achieve the doubling target.

Enhancing community understanding of the benefits of trade is the very first element of that plan. We need to create a true and widespread export culture in this country—one in which the achievements of our exporters are acknowledged, rewarded and, most importantly, emulated.

Austrade has been given the lead role in the government's commitment to double the number of Australian companies exporting by 2006, working closely with the other tiers of government, industry associations and the private sector.

We will be pursuing a targeted program to help introduce a new breed of Australian exporters, particularly small businesses, to export markets through coaching, mentoring, financial assistance and in-market support.

Ensuring that the EMDG scheme is accessible to these small businesses and new exporters, and is targeted towards their needs, is a key part of this program.

Since 1996, the government has continually improved the access of the small business sector to the EMDG scheme.

In 1997 the government:

- reduced from \$30,000 to \$20,000 the minimum expenditure required to access the scheme, and
- gave the tourism sector access to the full 50 per cent grant rate.

Last year the government extended the scheme for five years and, following a thorough review, further improved small business access to it by:

- reducing from \$20,000 to \$15,000 the minimum expenditure required to access the EMDG scheme
- reducing the period that related family members need to be employed in a business before their travel expenses are eligible from five years to one year, and
- removing the current requirement that intending first-time claimants must reg-

ister with Austrade before applying for a grant

and made a number of other changes to make the scheme more flexible and more in line with industry needs.

The government also took steps to improve the access of rural and regional small business to the scheme, by ensuring that related domestic costs—including those of business people flying from regional destinations to capital city airports on the first leg of an overseas promotional visit—are included in the EMDG overseas visits allowance.

As well, the government asked Austrade to review and modify grants entry requirements with a view to improving small business access. Small business will now find that the paperwork required in applying for a first EMDG grant has been considerably reduced.

The Export Market Development Grants Amendment Bill 2002 furthers our strategy of making the scheme better targeted towards the needs of small and medium business and new exporters.

This bill raises the minimum grant under the EMDG scheme from \$2,500 to \$5,000, to be provided to claimants spending between \$15,000 and \$25,000 on eligible export promotion expenditure. This will:

- make the EMDG scheme more attractive to small business, increasing the incentive to apply and thus increasing the scheme's impact in encouraging smaller businesses to invest in export, and
- ensure that the benefit of the grant received always outweighs the cost of preparing and processing the application.

The increased minimum grant will apply from the 2001-02 grant year onwards. I commend this bill improving small business access to the EMDG scheme to the House. I present the explanatory memorandum to the bill and thank the member for Leichhardt for his enthusiastic endorsement.

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



**PETROLEUM (SUBMERGED LANDS)  
AMENDMENT BILL 2002****First Reading**

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

**Second Reading**

**Mr ENTSCHE** (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (9.42 a.m.)—I move:

That this bill be now read a second time.

The proposed amendments in this bill to the Petroleum (Submerged Lands) Act 1967 will implement recommendations from the review of the act and its incorporated legislation for compliance with competition policy principles. Completed in 2000, the review was conducted as part of a national review of legislation governing exploration and development of the offshore petroleum resources.

The review accorded with commitments given in the Competition Principles Agreement of the Council of Australian Governments. Under that agreement, all governments agreed to remove restrictions on competition on an ongoing basis unless those restrictions could be shown to be in the public interest and of benefit to the overall community. The terms of reference for the review also required a focus on reducing compliance costs on business, where feasible.

The review concluded that the nation's offshore petroleum legislation is free of significant anti-competitive elements which would impose net costs on the community. The legislation does embody restrictions on competition, for example in relation to safety, the environment or the manner in which resources are managed. However, these were considered appropriate given the net benefits they provide to the community as a whole.

The review did identify one element of the current legislation where scope exists to enhance competition. This relates to the total period for which the holder of an exploration permit can retain the permit. The holder of an exploration permit that is awarded as of now can hold the permit for anywhere between six years (if there is no renewal) to a

theoretical maximum of 46 years, or longer if extension provisions are applied. The review concluded that, in the interests of making exploration acreage available to subsequent explorers more quickly, a limit should be placed on the number of times an exploration permittee can renew the title. This bill proposes that, in the future, exploration permits be able to be renewed no more than twice, establishing a total maximum period of 16 years, ignoring the possibility of extensions in some circumstances. The change will be prospective and will not apply to permits awarded before 1 January 2003.

By preventing unexplored acreage from being tied up for long periods, this reform will encourage increased exploration for petroleum in Australia's marine jurisdiction. Without such exploration and the discoveries that can flow from it, Australia will not be able to maintain its current high level of liquid fuel self-sufficiency nor meet the growing demand for gas.

On one other element of the current legislation, the review concluded that scope exists to reduce potential compliance costs for industry. This relates to the number of times the holder of a retention lease can be asked to review the commerciality of a discovery held under that retention lease. A retention lease is a holding right available if a petroleum discovery is currently uneconomic for exploitation but is likely to become economic within 15 years. Currently the holder of a retention lease can be asked to review the commerciality of a discovery twice within the five-year term. This was considered excessive. Accordingly, the bill proposes a maximum of one review per five-year term. This will be adequate for the titleholder to assess factors material to whether a discovery remains uncommercial, and to demonstrate this to the regulator.

The petroleum industry will welcome the reduction in potential compliance costs that will stem from this change. Together with the limit on exploration permit renewals, this reform shows the government is determined to ensure that Australia remains one of the most attractive places in the world to explore for and develop petroleum resources.

Moreover, the government will not be resting on its laurels. Indeed, it is well known in petroleum industry circles that the government is working on rewriting the entire Petroleum (Submerged Lands) Act 1967 and incorporated acts. The government expects to be in a position to present a rewritten act for consideration by this House later in the year. Nevertheless, the government believes it is in the interests of the Australian community and the petroleum industry to bring forward from the rewrite the amendments to the act that are proposed in this bill.

I commend the bill to honourable members and present the explanatory memorandum.

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

#### **COMMONWEALTH ELECTORAL AMENDMENT BILL (No. 1) 2002**

##### **Second Reading**

Debate resumed from 20 March, on motion by **Mr Truss**:

That this bill be now read a second time.

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

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

"the House is of the opinion that the bill should not be proceeded with, and:

- (1) calls on the Prime Minister to honour his promise to release the Tax Office audit report into the GST activities of the Queensland Division of the Liberal Party;
- (2) notes that the audit confirmed that the GST scam perpetrated in the Groom FEC was conducted more generally by the Liberal Party throughout other areas of Queensland;
- (3) notes that the Tax Office imposed a 50% penalty tax on the Queensland Division of the Liberal Party, indicating the falsehood of Government claims that the GST scam was an "error" or a "mistake";
- (4) calls on the Treasurer to explain the details of the \$143,000 worth of sponsorships and internal Liberal Party transfers upon which GST was not paid when it should have been; and
- (5) calls on the Minister for Industry, Tourism and Resources to explain whether or not his FEC used the proceeds of the GST scam,

which were in the FEC bank account as at August 2001, for his re-election campaign".

**Mr ANDREN (Calare)** (9.48 a.m.)—I am pleased to be able to continue this second reading contribution to the debate on the **Commonwealth Electoral Amendment Bill (No. 1) 2002**. It is seven weeks since I began this speech and I hope members have been listening with interest throughout that period. Believe me, I have enough to say about election funding in this country that it could almost fill seven weeks. I said in March before the recess that this bill is, in effect, the Liberal Party centralisation of power bill. I said we run a risk of undermining our democratic processes, as in the United States, if we continue with the party funding processes that are emerging in this country. While this bill is about centralising the control of public funding in the hands of the Liberal Party federal secretariat, it raises wider questions about the accountability of all election funding donations and spending.

I said in debate on a similar bill in the last parliament that the intent and reality of this legislation is to take control of election campaigns further and further away from the grassroots. This will mean a repetition of the grossly expensive and, to my mind, totally worthless generic advertising pumped out by a national think tank, with a national advertising guru at the helm from a national office, over national television and with a space left in regional media for the face or voice of the local candidate. There is massive wastage involved in such propaganda and the public is utterly fed up with such blitzes. One would think the major parties would have learned by now that to reconnect with the electorate local campaigns with relevant local issues should be the trend. But no, here we have further concentration of control and communication with the suits in head office. The continued failure of the Labor Party to make an impression on the electorate after the Napoleon years of Keating should surely be a message to all parties, for Labor has traditionally allocated funding from its federal secretariat as well.

As I said earlier in the debate, the legal opinion on the same bill introduced in the last parliament said that a law which permits

the agent of the federal secretariat of the Liberal Party to determine the funding entitlements of a state division would seem to be a law which gives a private body—that is, the secretariat—the power to make an important funding decision. The opinion also states:

The apparent outsourcing of this decision from the AEC to the federal secretariat raises some difficult public accountability questions.

The *Bills Digest* made it clear that there is no guidance in these changes as to the role of the agent or federal secretariat—Liberal or Labor—in allocating public funding and no guidelines as to what purposes the public funding is put when the intention is that it should always be used to directly subsidise the electoral expenses of candidates. No wonder rank and file members of the parties—indeed, many candidates—are disillusioned.

I reminded the House a few weeks back about the *Financial Review* investigation that showed how leading companies were channelling millions of dollars to political parties in ways that ensured that they did not have to disclose them to the Australian Electoral Commission as donations. I will not detail them again, because they are on the record, but let me detail some current concerns in Europe—not within the party political system but among the public—about the risks to democracy there from the avoidance of accountability for political donations. It only underlines the need for a ban on anything other than public funding for candidates. If entities or organisations want to identify themselves and run their own campaigns as third parties in an electoral process, let them do so and let it be clearly defined and shown that that is the case, and not hide their support behind a raft of secret arrangements to shore up the financial fortunes of parties or individual candidates.

*Newsweek* of 29 April, in a feature article called 'Europe's dirty secrets', details just how pervasive corruption is in the political process. Let me paraphrase just one part of the article. In Germany, the ruling Social Democrats are embroiled in a series of bribery and embezzlement scandals involving dozens of local and national politicians, centred on a network of party cronies who si-

phoned off tens of millions of euros from garbage utility deals in Cologne and other cities. In Spain, one of the country's leading banks stands accused of its managers keeping secret slush funds for, among other things, influencing political outcomes. Germany's equivalent of the FBI has warned that corruption runs across nearly all sectors of public administration. Let us hope that such a trend is not confirmed in the current inquiry into the dealings of Rockdale council. Let us hope that this is not the tip of an iceberg of German proportions in our public administration.

Why is this so important in the context of this bill? Unless and until we have an election funding process that is free of deception, manipulation and deliberate laundering, we will run the risk of following the path of those afflicted in those countries. Lest some say that state-run public utilities and the systematic corruption of Europe go hand in hand and that privatisation is the answer, let me remind the House of my earlier remarks about the escalating cost of American elections and the exponential growth of political action committees to mobilise cash for congressmen, with unchallenged claims that the hundreds of millions of dollars raised have influenced legislation in a raft of areas, particularly immigration laws in recent years around the entry of low-paid IT workers.

As is the case in many areas of electoral reform and public administration, we could do well to look at the Canadian example, where parties' and individual candidates' allowable election expenses are controlled by a strict formula. In Canada as well, access to the electronic media is intensively regulated as part of electoral law—again, a control on excessive fundraising and the potential for the corruption that we are seeing in Europe and, to a lesser degree, in America. At least in the latter case the ever watchful media can still sniff out a rot. The answer is a cap on expenditure for each candidate and a direct payment of the public funding component to that candidate. This bill is all about heading off at the pass the public funding stagecoach with a faceless secretariat directing public money who knows where. Public funding, and public funding alone, is the best way of

protecting our democracy from corruption, but this exercise to further remove the grass-roots candidate and local supporters from the political process will not be getting my support.

**Mr MOSSFIELD (Greenway)** (9.56 a.m.)—The purpose of the **Commonwealth Electoral Amendment Bill (No. 1) 2002** is to amend the Commonwealth Electoral Act 1918 to allow the agent of the Liberal Party of Australia—the federal secretariat—to determine the distribution of electoral funding between the state and territory divisions of the Liberal Party. Taxpayer funding for election campaigns was introduced in 1983. In 1995 the act was amended to enable political parties to centralise the collection of their election funding. Under that amendment the Democrats were permitted to centralise the collection of their election funding and have appointed a principal agent. In the case of the two longstanding and dominant political parties in Australia—the Liberal Party and the Labor Party—this centralised funding was to be achieved by the agreement between the state branches and the national or federal secretariat being lodged with the Australian Electoral Commission. I have seen nothing on this matter in the *Bills Digest* or in members' speeches, so I am not sure how the National Party's federal funding is achieved. However, it does not appear to be an issue in this debate.

The Labor Party has lodged an agreement providing for the payment of all entitlements to the agent of the national secretariat. The Liberal Party has not lodged any such agreement. In his second reading speech, the Minister for Citizenship and Multicultural Affairs asserted, as he would, that these amendments reflect the pattern of election funding expenditure. But more cynical commentators might suggest that there could be additional internal reasons for these amendments. These reasons are public enough to be referred to in the *Bills Digest*, and I refer to two. The first reason is to avoid the administrative burden associated with the GST, which apparently creates a cash flow problem for the state divisions and the federal secretariat of the Liberal Party—a problem, no doubt, that many small businesses have

already experienced. The amendment moved by the member for Rankin certainly goes to issues relating to the GST difficulties that the various divisions of the Liberal Party seem to be experiencing.

It is also alleged that the amendments serve to settle an unresolved dispute between the federal secretariat and a number of state and territory divisions which has prevented the Liberal Party from filing an agreement with the AEC, as other parties have done. The distribution of electoral funding to the federal secretariat is, therefore, on an apparently ad hoc basis, as the state branches of the Liberal Party have some degree of autonomy in this area. However, if this legislation is any indication, this does not appear to be encouraged. It appears that some branches of the Liberal Party are reluctant to hand over their share of the funding. The Prime Minister is said to be not impressed and he has made it clear that these state branches will be brought to heel. I believe the question that the public may ask is: if a political party cannot govern itself, is it fit to govern the nation?

This is yet another case of one rule for the Liberal Party and one rule for the rest of Australia, and this time it is in the **Commonwealth Electoral Amendment Bill (No. 1) 2002**, which changes the way in which the Liberal Party receives its federal funding. Note that I said the way in which the 'Liberal Party receives its funding', not the way in which the 'general political parties receive their funding', because this bill is Liberal Party specific. It has one rule for them and another for the rest of us.

Why is this legislation before us? Why are we debating it today? We have in fact been debating it since prior to the last election. You would know, Mr Speaker, that the reason we are debating this legislation is that the Liberal Party cannot get its own house in order. As I have said, there is already a mechanism available to all political parties to centralise public funding. In 1995, the rules were changed to allow for this to occur. The Australian Democrats have done it, and the Australian Labor Party has lodged an agreement between the state branches and the national secretariat that allows for centralised

payments of public funding. But, to date, the Liberal Party has not lodged any such agreement. Why? Because there is no agreement. The state branches of the Liberal Party want nothing to do with their national body on this question of electoral funding, or so it seems.

So the government has taken a fairly dramatic course of action and legislated itself around its own party's recalcitrance. This is nothing short of an abuse of the parliament. The new Minister for Citizenship and Multicultural Affairs, the member for Moreton, said something interesting in his contribution to this debate last year. He said that the bill was 'hardly worth worrying about', or words to that effect. His exact words were:

... something that is just so simple and so procedural that we do not need to waste much time of the House on it at all.

It just shows you how little he has thought about the ramifications of this bill. It might seem simple but it has deep and unsettling ramifications. The government is used to wedge politics, and it is the thin edge that we are discussing today. This is a government that is legislating purely for one entity within an overall industry, for want of a better expression. It is like legislating that the rules of rugby league dictate that there are 13 players on the field and then saying that, for example, Manly alone are allowed 14 players—maybe Manly need 14 players, but that is another issue.

It is like laying down fundamental rules for an industry that dictate the way in which companies can engage in the marketplace—that is, every company operates under the same rules—and then coming along later and picking out a single company and putting a clause in the legislation that says 'except for this single company; they get to operate under different rules from the rest of us'.

Will this legislation give the Liberal Party an unfair advantage? I do not know and, frankly, I do not care; that is irrelevant to the problems this legislation raises. If the government can legislate for the internal workings of a single entity—in this case itself—then it can do so in the future for others. The precedent has been set. A hypothetical case of the problem this legislation may raise is: a

couple of directors of a large company—let us call it the 'Import-Export Company of Bermuda'—come to the government and say, 'We have a problem with our packaging division. They want to use a different computer program from the rest of the company. Can you do anything?' The government could create a specific piece of legislation that states that the packaging division of the 'Import-Export Company of Bermuda' must use the same computer software as the rest of the company.

That would be a complete misuse of power. It would be howled down as being intrusive, invasive and unfair to the packaging division and every other company in the same industry. The government would never get away with legislating the solution to an internal company problem. That example may sound far-fetched and ridiculous but it would not be unprecedented because the precedent is being set here in this legislation. There is an internal company problem over at Robert Menzies House. The Liberal Party state divisions, particularly Queensland, are not talking to them, so they are using this parliament, which belongs to all people in Australia, to sort it out. It is not as simple and procedural as the minister for citizenship would have us believe; it is sinister and profound. In his speech the minister said:

... the big difference between the way the Liberal Party and the Australian Labor Party work is that there is actually nothing within the rules of the Liberal Party that enforces the great will of one or enforces the great will of the central governing body of the Liberal Party onto others within the Liberal Party organisation.

This may be true. So the Liberal Party is overcoming this weakness in its rules and structure by using the Parliament of Australia to do its dirty work. And while I am quoting the minister for citizenship, I take objection to another insulting remark he made during this debate. I refer to the *Hansard* where he said:

... the Liberal Party, as an organisation, is the ultimate volunteer organisation in Australian politics. It is an organisation that is made up of the mums and the dads, the young people and the old, who are themselves involved in real world activities, who are involved in small business, who are involved in working for various organisations,



governments and private enterprise, who are legitimate Australians who volunteer their time because they believe in the sort of country they want to try to create.

He then went on to make some derogatory statements about people who may well work for the Labor Party. I would say that that particular quote would apply to any person out there on election day who is working for the particular party they believe in. I believe those types of people, whatever the party or organisation they are working for, are to be congratulated. I do not think you can differentiate and say that just because one group of people is supporting a particular party they are any better than the others. I think we as politicians are indebted to those volunteers who do get out and work on our behalf and on behalf of their particular party on election day.

I would just like to comment that, in my own electorate of Greenway, we were the only political party that had every polling booth in the electorate staffed on polling day. I take the opportunity, as I have on previous occasions, to thank those workers who came out—particularly those workers who worked for the ALP, but certainly those people who worked for other political parties also—for the contribution that they made to the democratic processes of this country.

Finally, I will comment on the speech by the member for Moreton and now minister. It is quite interesting that in several pages of *Hansard* some comments were made by the Deputy Speaker. I quote from the remarks of Deputy Speaker Nehl when the minister had concluded his speech:

Order! Before I call the next speaker, the chair would like to observe that in the period in which this occupant was here I did not hear the member for Moreton speak one word that was relevant to the bill before the House.

Well said! We are talking about a whole new use, or misuse, of parliament. They cannot get their own house in order so, by George, they will legislate to get it in order—only it is not by George; it is by John, by Peter, by Tony and by Lynton that they will legislate. This is not a case of packing up your bat and ball and going home if you do not like the way the game is being played; this is a case

of hitting your little sister over the head with the bat and then changing the rules before she can get up. It is an outrageous misuse of this parliament's time and resources; it is a misuse of the Public Service personnel who drafted it; and it is a misuse of the Parliamentary Library staff who had to waste their time producing a *Bills Digest* on it. The Liberal Party must learn that they have to sort out their internal problems internally, as the Labor Party does, and not abuse the power of the government to sort them out in this parliament.

Winston Churchill once said, 'Democracy is the worst form of government except for all those others that have been tried from time to time.' Although the Liberal Party do not think so, this bill strikes at the very heart of our democratic system. The Liberal Party preach that government should not get involved in the internal workings of companies or the way individuals conduct their lives; yet here they are, legislating to solve an internal party problem. It is wrong. It is a bad bill and it sets a dangerous precedent. I, for one, will not be supporting this bill. I will be supporting the amendment moved by the member for Rankin. Once again, I ask the general question that I believe the general public will be asking when they hear about this legislation: if a political party cannot govern itself, is it fit to govern the country?

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.11 a.m.)—Firstly, I would like to thank the honourable members for their contribution on this bill. But much of the debate on the *Commonwealth Electoral Amendment Bill (No. 1) 2002* has seen the Australian Labor Party wasting our time by making spurious accusations that the Liberal Party has presented in a public place an internal dispute. That approach by the Labor Party was highlighted by the honourable member for Greenway. I looked very closely at his face during his 15- or 20-minute speech to see whether he was, in fact, smiling—whether he was serious; whether he could possibly maintain with any sense of sincerity that he genuinely believed the words that he uttered. It is absolutely false, misleading and hypocritical for anyone to

suggest that this is a case of the Liberal Party washing its dirty linen in public. The Labor Party is the party, after all, whose internal disputes are about to become a national spectator sport. This is a fact, because the Labor Party is on the threshold of yet another bout of internal bloodletting and dissension. This bill has come about because the Liberal Party has requested that the parliament bring into the 21st century an appropriate mechanism of public funding for federal elections.

On the other hand, the Labor Party continues to have a lot of angst over its union links, and the current leadership seeks to widen Labor support at the expense of its historical union base. We have all been treated to an interesting public bloodletting debate by various members of the Australian Labor Party.

**Mr Zahra**—Mr Deputy Speaker, I rise on a point of order: under standing order 150 I ask that you require the parliamentary secretary to be relevant to the legislation. What he is talking about has absolutely no relevance at all to any of the provisions of the legislation and I think that he should be relevant to what we are talking about today.

**The DEPUTY SPEAKER (Mr Jenkins)**—Order! The honourable member will resume his seat. The parliamentary secretary knows that, in summing up the debate, he must be relevant to the debate.

**Mr SLIPPER**—Thank you, Mr Deputy Speaker. I was simply comparing and contrasting the statements made by those opposite with what is, in fact, the real situation on the public record. If you look at the contributions made by honourable members when this bill was discussed in the parliament both initially and then subsequently, you will see that there has been a very wide-ranging debate. There have been a lot of false and inappropriate imputations made with respect to the motives of the Liberal Party—the party is simply bringing before the parliament an administrative reform.

The ALP also suggested that it was inappropriate that this bill be brought forward and that somehow it is because the Liberal Party is not able to come to a consensus view. But the ALP in 1995 took quite a dif-

ferent approach when, in response to a request from the Australian Democrats, the then government was happy to support an amendment to the Commonwealth Electoral Act to allow the Democrats to appoint a principal agent to take receipt of funds payable to the party. In other words, as opposed to what the honourable member for Greenway has said, there is a precedent for federal legislation to take into account the particular circumstances of political parties.

The **Commonwealth Electoral Amendment Bill (No. 1) 2002** intends to make provision for this flexibility to bring about an outcome which is eminently satisfactory to the Liberal Party in the same way that in 1995 there was an outcome satisfactory to the Australian Democrats and so that the Labor Party will also receive its public funding in a manner entirely satisfactory to it. There has been a lot of hot air generated by honourable members opposite, who have used this chance to claim, quite wrongly, that the Liberal Party somehow requires the parliament to resolve an internal dispute. That is not so. The parliament is being asked to bring about amendments to the Commonwealth electoral bill which, in all the circumstances, are entirely reasonable.

There is nothing unreasonable about Commonwealth moneys being paid pursuant to Commonwealth legislation for the purposes of Commonwealth elections. It therefore makes sense for the moneys to be paid to the federal manifestation of the Liberal Party. This simply recognises in 2002 the practical reality that federal election campaigns are conducted by federal secretariats of the various political parties. The original funding mechanism might well have been appropriate at the time that public funding was introduced but, in 2002, it is genuinely logical that this central role of federal secretariats of political parties should be enshrined in legislation governing the payment of public funds for electoral purposes.

This is a simple bill which ought not to have generated any controversy at all. I think the Australian people are sick and tired of people who come into the parliament, as do Australian Labor Party representatives, and

use every chance they can to try to score cheap political points. The Liberal Party has asked the parliament to take this course of action. In 2002, it is fair and reasonable that this should occur. The Australian Labor Party are portraying through the newspapers of this country their angst, their difficulties and their troubles over their union connections. Indeed, the situation is that unions are starting to leave the Australian Labor Party, so indicating their very great dissatisfaction at the way that party is being misused.

**Mr Zahra**—Mr Deputy Speaker, I rise on a point of order. Under standing order 150, you should require the parliamentary secretary to be relevant to the bill that we are discussing today. Whatever internal problems we might have in the Labor Party, we are not using the federal parliament to sort it out in the same way as the Liberal Party. He should be relevant to the question.

**The DEPUTY SPEAKER (Mr Jenkins)**—Order! The member shall resume his seat. He cannot use this procedure to raise the debate. The parliamentary secretary knows the requirements. To the extent that he is contrasting behaviour of political parties, he would be in order. But I would think that he is about to wrap up the debate.

**Mr SLIPPER**—Mr Deputy Speaker, you have to also appreciate that before you took the chair the debate was extremely wide ranging. I commend you to read the *Hansard*. You would see that many members on the opposite side in fact made speeches that were entirely irrelevant.

**Mr Latham**—Mr Deputy Speaker, I rise on a point of order. You have provided the House with eminently fair and reasonable advice that the parliamentary secretary is now contesting. This is an unsatisfactory slur on your ruling. I ask you to call the parliamentary secretary to order.

**The DEPUTY SPEAKER**—Order! Whilst I appreciate that the honourable member for Werriwa is trying to protect the chair, I was able to take a balanced view on the parliamentary secretary's opinion. I did not take it that he was directly trying to, in any way, take the chair's ruling on.

**Mr SLIPPER**—Mr Deputy Speaker, I want to endorse the comment that you just made.

**The DEPUTY SPEAKER**—Order! The honourable member will get to the debate.

**Mr SLIPPER**—I certainly was not endeavouring to reflect on anything that you have suggested or any ruling that you have made. When the member for Werriwa gets up with such an irrelevant contribution, it is obvious that you are concerned about the matters I might raise, how I might highlight the disputes and the dissension in the Labor Party and the way that your support base continues to leave the Australian Labor Party.

**The DEPUTY SPEAKER**—Order! The parliamentary secretary will refer his remarks through the chair.

**Mr SLIPPER**—The honourable member for Werriwa clearly was very concerned about the content of my speech. He thought—quite wrongly, of course—that I was going to highlight in the parliament the fact that unions are walking away from the Australian Labor Party. Quite wrongly, he was worried about the way that he thought I might have highlighted how the ALP is at World War III with itself. I was not going to do that, Mr Deputy Speaker. You would not expect me to do that, and I certainly do not intend to do so.

**Mr Zahra**—Mr Deputy Speaker, I rise on a point of order. I do not want to have to do this all of the time. Under standing order 150, you should require the parliamentary secretary to be relevant to the bill that we are discussing here today. It is no more relevant for him to carry on as he has been than it would be for me to make reference to the rorts that have been going on in the Groom FEC.

**The DEPUTY SPEAKER**—I think the parliamentary secretary is ably displaying that he has some knowledge of the requirements before him. The parliamentary secretary will continue to be relevant and will sum up the debate.

**Mr SLIPPER**—The bill before the chamber is a non-controversial bill requiring that in 2002 there be an appropriate mecha-



nism for paying public funding to the federal manifestation of the Liberal Party. We have been prepared, through amendments to the Commonwealth Electoral Act, on many occasions to support strongly the integrity of the electoral roll. We have a proud record of positive amendments to the Commonwealth Electoral Act. The ALP is the party that wants to protect the voters. The ALP is the party that fails to support the attempts by this government to bring integrity to the Australian electoral roll.

It really is important that, when the result of an election is declared on polling day, the people of Australia get the government they voted for. Unfortunately, the Australian Labor Party have shamefully moved to disallow our attempts to make key changes to the Commonwealth Electoral Act to bring about voting reform. We have sought to enhance the witness identification procedures for the electoral roll by requiring the presentation of identification at time of enrolment and by specifying who may witness transfers of enrolment. It is astounding that the Labor Party will not support that reform as, indeed, they are not supporting this reform contained in the **Commonwealth Electoral Amendment Bill (No. 1) 2002**. They huff and they puff; they prove their constant irrelevance. They have an identity crisis: they do not know who leads them, they do not know what they stand for and their support base is walking away.

This is a very simple piece of legislation. This is a positive piece of legislation. The Liberal Party is at one on this issue, and all we seek is that public funding for the Liberal Party at Commonwealth elections be paid to the Commonwealth manifestation of the Liberal Party. It is a simple updating bill, and the ALP, of course—as in so many other areas of electoral reform where they do not want to support integrity of the electoral roll—are refusing to support this positive change. The government rejects the amendment moved by the member for Rankin and requests the parliament to support this very positive and forward thinking bill currently before the chamber.

Question put:

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

The House divided. [10.28 a.m.]

(The Deputy Speaker—Mr Jenkins)

Ayes.....	70
Noes.....	59
Majority.....	11

#### AYES

Abbott, A.J.	Anderson, J.D.
Andrews, K.J.	Anthony, L.J.
Bailey, F.E.	Baird, B.G.
Baldwin, R.C.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Brough, M.T.	Cadman, A.G.
Cameron, R.A.	Causley, I.R.
Ciobo, S.M.	Cobb, J.K.
Draper, P.	Dutton, P.C.
Elson, K.S.	Entsch, W.G.
Farmer, P.F.	Forrest, J.A. *
Gambara, T.	Gash, J.
Georgiou, P.	Haase, B.W.
Hardgrave, G.D.	Hartsuyker, L.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Hunt, G.A.
Johnson, M.A.	Kelly, D.M.
Kemp, D.A.	Ley, S.P.
Lindsay, P.J.	Lloyd, J.E.
Macfarlane, I.E.	May, M.A.
McArthur, S. *	Moylan, J. E.
Nairn, G. R.	Nelson, B.J.
Neville, P.C.	Panopoulos, S.
Pearce, C.J.	Prosser, G.D.
Pyne, C.	Randall, D.J.
Schultz, A.	Scott, B.C.
Secker, P.D.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Thompson, C.P.	Ticehurst, K.V.
Tollner, D.W.	Tuckey, C.W.
Vale, D.S.	Wakelin, B.H.
Washer, M.J.	Williams, D.R.
Windsor, A.H.C.	Worth, P.M.

#### NOES

Adams, D.G.H.	Beazley, K.C.
Bevis, A.R.	Brereton, L.J.
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.	George, J.
Gibbons, S.W.	Gillard, J.E.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hoare, K.J.
Irwin, J.	Jackson, S.M.
Kerr, D.J.C.	King, C.F.
Latham, M.W.	Lawrence, C.M.
Livermore, K.F.	Macklin, J.L.
Martin, S.P.	McClelland, R.B.
McFarlane, J.S.	McMullan, R.F.
Melham, D.	Mossfield, F.W.
Murphy, J. P.	O'Byrne, M.A.
O'Connor, B.P.	Plibersek, T.
Price, L.R.S.	Quick, H.V. *
Ripoll, B.F.	Roxon, N.L.
Rudd, K.M.	Sawford, R.W.
Sciacca, C.A.	Sercombe, R.C.G.
Sidebottom, P.S.	Smith, S.F.
Snowdon, W.E.	Swan, W.M.
Tanner, L.	Thomson, K.J.
Vamvakinou, M.	Wilkie, K.
Zahra, C.J.	

## PAIRS

Kelly, J.M.                      Burke, A.E.  
 \* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

**Third Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.39 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TRADE PRACTICES AMENDMENT  
 (SMALL BUSINESS PROTECTION)  
 BILL 2002**

**Second Reading**

Debate resumed from 20 February, on motion by **Mr Hockey**:

That this bill be now read a second time.

**Mr LATHAM** (Werriwa) (10.40 a.m.)—The Trade Practices Amendment (Small Business Protection) Bill 2002 proposes to amend section 87 of the Trade Practices Act,

thereby enabling the ACCC to bring representative actions in respect of breaches of sections 45D and 45E of the Trade Practices Act. Labor will oppose this bill. The government has a bad history of continually trying to slip into the Trade Practices Act powers that would enable the ACCC to become involved in industrial relations matters, but these are best heard and resolved through the longstanding industrial relations law of the nation and our industrial tribunal system. Through this bill, the government is at it again, this time under the false guise of protecting small business. It is trying to give the ACCC powers to act on industrial relations matters, matters for which the ACCC has no expertise and for which it would be quite unsuited, given its current operations.

What this bill shows is that the government long ago ran out of good policy ideas for small business. Over the years, the Howard government has, for all its rhetoric, consistently and persistently ignored the issues and interests of small business. Indeed, this government has treated the small business sector quite badly. Small business has long suffered as a result of the government's abandonment of its promise to cut red tape by 50 per cent. In fact, the government has more than doubled red tape, through the imposition of its GST and the faulty BAS system. Consistent with that record of neglect, the government is simply playing the politics of self-interest with this bill. The government's familiar ploy, of course, is to cause division, to play stakeholder groups off against each other instead of delivering on appropriate commonsense solutions and outcomes that everyone wants and everyone would benefit from. This is the dividing difference in Australian politics. The government tries to win election campaigns by causing problems. In the Labor Party we are committed to doing well in Australian politics by solving problems. The government has got into the habit of a negative agenda where it tries to win on issues and win on campaigns by generating problems. This is the negative politics of the wedge; it is the negative politics of a government that has run out of ideas.

But there are other issues that need to be addressed. It is just plain wrong for the government to try and thrust industrial relations powers upon the ACCC. I know the government has a close relationship with groups like the Australian Chamber of Commerce and Industry. I am wondering what ACCI would think about this proposition, because, as far as ACCI is concerned, it is a plague on all houses. ACCI is against the Reserve Bank of Australia. ACCI is against the ACCC. ACCI is against the Industrial Relations Commission. So, in this instance, from ACCI's perspective, what the government is trying to do is pass powers from what it would regard as one flawed institution, the Industrial Relations Commission, to another flawed institution, the ACCC. And, as I am constantly reminded by my colleagues, ACCI actually has a bigger proportion of small business membership than it does of big business. I am sure the small business sector would not be happy with this provision whereby, according to its representative body, ACCI, the government is trying to move industrial powers from the Industrial Relations Commission to the ACCC, especially given the way in which ACCI does not trust the ACCC. This is a case of musical chairs. It is a case of government trying to move industrial relations powers from one institution to another and not doing it with the support of the business sector, both big and small. It is not a good piece of legislation for those reasons.

The legislation demonstrates the way in which the government is trying to make cheap political points in raising this bill. Small business would not be impressed by it. Small business know there are more pressing issues that the government is in fact ignoring. If the government were serious about the interests of small business, it would gain agreement and move ahead on business policy issues that are relevant to the small business sector and small business survival. For recent evidence of the real problems affecting small business, the government should turn to the latest national survey of small business, conducted by the Australian Chamber of Commerce and Industry in February 2002. What major issue is identified as the most important hindrance or constraint to

small and medium sized business growth? It is taxes and government charges. That is the big issue that is concerning the small business sector. They are legitimately worried that this is the highest taxing, highest spending government in the nation's history. They are legitimately worried that, with that high taxing record and now the return of deficit budgeting, we have moved into a cycle of increasing interest rates. This is bad news for small business.

We have been lectured to in this place by the Treasurer for six years about what he would claim is the one basic equation of Australian macro-economic policy: deficit budgets equal higher interest rates. That is what he has been telling us for six years—that is his equation. After 10 years of economic growth in this country, the Treasurer has returned to deficit budgeting. He has blown a \$14 billion surplus and turned it into a \$1.2 billion deficit for this financial year. He left this place last night, having delivered his budget, and he went home, opened the door and announced, 'Honey, I've blown the surplus.' That is what he has done. A \$14 billion surplus has been turned into a \$1.2 billion deficit.

What does this mean for small business in this country? It means higher interest rates. It is the worst news they have had in decades. This bill of course adds to the grief because, instead of addressing the concern about taxes and government charges, the government are off on a merry-go-round where they are trying to move industrial relations powers out of the Industrial Relations Commission and into the ACCC. Both the ACCC and the Industrial Relations Commission are damned by ACCI. So what benefit could there possibly be in playing this merry-go-round of industrial relations powers?

This is not something that big business supports. It is not something, according to ACCI's own framework of public policy, that they support, and they have a very strong small business representative membership. The main concerns are taxes, government charges and rising interest rates under the Howard-Costello government. We had of course the BAS disaster and the government's handling of other associated taxation

reforms. These are all major constraints to small business: higher taxes, higher charges, higher interest rates and more red tape, all confirmed by the BAS disaster at the time of GST implementation.

In fact, the minister should read the ACCI small business report cover to cover. He would find not a single mention of the issues covered in this legislation. The ACCI results are replicated in other industry and small business surveys, such as those undertaken by the Victorian Automobile Chamber of Commerce. In its December quarterly survey—something that I am sure members opposite are well aware of—the chamber found that 46 per cent of respondents identified taxation and government charges as major factors limiting business performance. I know that government members do read closely the Victorian Automobile Chamber of Commerce quarterly report. There it is in black and white: 46 per cent of respondents identified taxation and government charges as major factors limiting business performance. So this is a case of a government that claims to represent small business but in fact is engaged in an act of folly. Instead of doing the things that small businesses identified in these surveys, the government is off on a frolic of its own. Only Labor has a clear-sighted view of the things that need to be done to assist the small business sector.

As a result of the goods and services tax, the government has left small business with greater accounting and record keeping costs, greater cash flow costs, a less competitive small business sector relative to big business, less time available to run their businesses, increasing bankruptcies and business failures, and increased fear about the potential costs arising from adverse audit findings due to inadvertent breaches of the complex GST legislation. That is the real agenda—they are the real set of problems that are on the kitchen tables of small business owners as they go through their paperwork at night. They are the real issues that are on the agenda of the hardworking small business people of this nation. But of course none of these issues are addressed in this bill. What the government is trying to do in this legis-

lation is to give the ACCC powers for which it is not suited.

It is a strange, strange agenda that the government are running. Just last week they announced a major review of the Trade Practices Act. Under pressure from the big end of town, who do not like competition, do not like the work of the ACCC and do not like Allan Fels at a personal level, all of the things that are good for the Australian economy—competition and productivity policy; all of the things that the Labor Party stands for—this government do not like. Big business have said to them, 'We don't like these things; we know that the government are always uneasy about them. Why don't we have a review; why don't we have a review of the Trade Practices Act to take away the competition powers of the ACCC?'

The one thing that helps small business in this country is the competition brief of the ACCC. If you are a small business operator running a corner store and you are up against predatory pricing from your competitors, if you are an independent service station in this country being squeezed out by the oil majors or if you are a small business operator working long hours and there is a big competitor up the road that is using price advantages and other techniques to drive you out of business, the one thing that helps you—the one thing that stands in their way and protects the small business—is the ACCC and its competition powers. Without the trade practices and competition powers of the ACCC, the small business sector in this country would be put to the sword by big business.

What is this government's agenda? It is to run a review to take those competition powers away and to strip small business naked—to leave them bare in the face of predatory pricing and other unfair practices by big business. So this is a weird agenda from a government that claims to back small business. You are having a review on the other side of the parliament to take away the competition powers of the ACCC, and in this legislation what do you want to replace those powers with? You want to replace them with industrial relations powers that are much

better exercised at the Industrial Relations Commission.

So this is a government that is in a spin, and small business is the big loser with increased taxes, increased red tape, increased government regulation, increased interest rates and now a merry-go-round of legislative powers designed to take away the real power of the ACCC to protect small business—that is, the competition power—and replace it with something that the ACCC does not need. No wonder the small business sector is shaking its head at this bill; no wonder it is shaking its head at the government's record!

The only analytical evidence supporting this legislation—and this seems to be the one thing that the government relies on against all the other evidence—is a report of the Australian Law Reform Commission. This was first produced in May 1994. It is eight years old! The government talks about intergenerational reports. This is a report that is at the other end of the time tunnel—it is eight years old. Its recommendations cannot be relied on because they refer to a completely different legal situation from that which exists today. The government often lectures us in this place about its tidal wave of change in the workplace, and then it relies on a single report from a decade ago to support this legislation!

If we look more recently to the August 1999 report of the Joint Select Committee on the Retailing Sector on issues such as widening the powers of the ACCC to undertake representative actions, that report made no reference to small business being disadvantaged as a result of secondary boycotts. So there is a report from 1999—an independent, clear-minded report—showing that small business made no reference to being disadvantaged as a result of secondary boycotts. There is a real trade practices issue that the government should be devoting its attention to on behalf of small business. It concerns the difficulty that small business encounters in its dealings and commercial relationships with big business. This is what I mentioned: the all important competition powers of the ACCC—powers that this government is try-

ing to gut under its Trade Practices Act review.

The Joint Select Committee on the Retailing Sector reported in 1997 that it was more concerned with how small business fared in its dealings with big business. In February 2002 the New South Wales Chamber of Commerce released its local business and regional affairs survey, and what were the results? These results revealed that in regional New South Wales 61 per cent of small businesses thought that large firms misused their market power. Some 67 per cent thought that the ACCC should have more power to halt anticompetitive conduct. I am assuming the next speaker will be the member for Eden-Monaro. He comes from regional New South Wales and he would be aware of these findings.

**Mr Nairn**—And I am a small businessman.

**Mr LATHAM**—He is a small businessman who got into small politics. He is sitting over there as the next speaker. He would be aware of the findings that 61 per cent of small business people in regional New South Wales said that large firms misused their market power and that 67 per cent—many of them in the electorate of Eden-Monaro—thought that the ACCC should have more power to halt anticompetitive conduct, so I am expecting him to stand up and say he opposes the review of the Trade Practices Act designed to strip the ACCC of those anticompetitive powers. That is what small business is saying in his electorate. What he should be saying to the House is that he wants stronger competition power for the ACCC and that there is no need for that body to have industrial relations power under this particular proposition.

The government remains silent on these particular findings because they do not suit its divisive agenda. Instead of trying to introduce powers enabling the ACCC to become involved in industrial relations matters covered by sections 45D and 45E of the act, the government has shown its hand. First, the government is trying a political stunt yet again. I suppose it would be a temptation for a government that has got back into deficit budgeting, that has got back into higher in-

terest rates, a government that is the highest taxing in the history of the Commonwealth. There must be a big temptation on the other side of the parliament to try to put up a diversion, to put up a tactic that draws attention away from this record of higher interest rates and deficit budgeting as revealed last night. I suppose that is why the bill is before the House today. The government is going to say to the small business sector, 'We have said for six years that deficit budgeting equals higher interest rates but last night we introduced the deficit budget, so interest rates are going up. We have said that we are going to halve red tape but we have doubled it. We have said that we are going to lower taxes but we have increased them. We have said all of those things but, small business sector, don't worry too much about that. We are actually going to give the ACCC industrial relations powers under this particular legislation.' The government is trying to take the small business sector to be fools. Nobody is going to be fooled by this tactic, nobody is going to be fooled about the real record of the Howard government and nobody should be fooled by the legislation that is before the House this morning.

The second thing is that the government continues to reveal its failure to develop new policy ideas. The amendments put forward in this bill were first considered during 2001 in the [Trade Practices Amendment Bill \(No. 1\)](#). This is a song that has been sung too many times in this House. Labor, unlike the government, want to assist small business, not hinder it. To do so we have introduced a private member's bill, the [Taxation Laws Amendment \(A Simpler Business Activity Statement\) Bill 2002](#), into the House. This would enable a simpler method for small businesses to calculate their GST remittance. This is the sort of constructive proposal that the government should be bringing forward and concentrating on.

As I mentioned earlier, this is a government that tries to win election campaigns by generating problems. It is a government that tries to win on issues by creating diversions. In the Labor Party we reject that approach. We are interested in solving problems, not generating them. We are interested in getting

to the real issues, not getting sidetracked onto diversionary tactics. We hold firmly to the position that the ACCC should be able to conduct representative actions under the act on matters for which it is properly responsible, particularly in the circumstances where the costs of litigation and the associated legal complexity are beyond the ability of small businesses to seek legal redress. Therefore Labor supports the ACCC being able to undertake representative action on behalf of small business for a breach of the Trade Practices Act under the areas where the ACCC currently has an enforcement power, which are properly matters of trade practices law.

That is the clear brief: the ACCC sticks to trade practices law; the Industrial Relations Commission sticks to industrial relations law. What could be simpler, what could be fairer, what could be more sensible? But let me be clear. Labor opposes this bill on the principle that secondary boycotts need to be considered and managed only as a matter of industrial relations law. The simple consequences of operating industrial relations matters through trade practices law would promote an aggressive and less conciliatory approach to the management of industrial dispute. Small business will be concerned that this bill does not provide a solution for small business issues. Rather it is a means for a backdoor attack on the union movement. Small business has been duped again. The small business sector is saying that this is a government without a third term agenda.

I was at a budget breakfast in the National Museum this morning where one of the speakers was the Parliamentary Secretary to the Treasurer, Senator Ian Campbell. His advice to small business was to say, 'The big third term agenda is the 60-40 rule in the ALP.' It was almost like he was calling on the small business sector to join the Labor Party and the modernisers who are improving our historic relationship with the trade union movement. People groaned that this was the level of government third term agenda. This was all that this parliamentary secretary had to say to the small business gathering about what he thinks should happen: 'Go join the Labor Party and go join the



debate about modernising the 60-40 rule.' I welcome small business people joining the Labor Party; that is great. But I have to say to the small business sector in all honesty that that act in itself will not improve productivity and economic efficiency overnight. That act in itself will have long-term benefits, but what the small business sector needs to be doing is ignoring the advice of Senator Campbell and saying to this government: 'Stop putting up the diversionary tactics such as debates about the union movement and the ALP, stop putting up the diversionary tactics we find in this legislation and get down to the real issues. Get down to the real issues of getting the budget back into surplus, of putting downward pressure on interest rates, of cutting red tape, of simplifying the BAS, of improving the business climate for small business and of beefing up the competition laws that protect the small business sector in this country from the expansion of big business.'

This bill illustrates the government's position as one of attacking organised labour whenever it can but, more importantly, it is a sad reflection on the government's philosophy that competition and business interests should override the industrial interests and concerns of individual employees. The ALP has shown its commitment to small business by introducing a significant reform that would enable a much simpler method for small business to calculate its GST remittance. Such a solution goes to immediately resolving the current problems faced by the small business sector in this nation. As this bill clearly shows, the government has lost touch with the concerns of the small business sector. That is why Labor is opposed to this bill and, when the time comes, we will be voting against it here and in the other place.

**Mr NAIRN (Eden-Monaro)** (11.00 a.m.)—We have just heard from the one and only speaker from the Labor Party on the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#), which demonstrates how much interest they really have in small business. I wonder whether anybody can remember the great plan that the ALP had to create small businesses. It was a plan that I think was developed in the late eighties and

the early nineties. The plan went something like: let us take all the big businesses and medium businesses in Australia, let us apply a recession we have to have, let us apply a 21.75 per cent interest rate to business overdrafts, and we will create small businesses. All those big businesses and medium businesses all of a sudden became small businesses in that sort of climate. What they had not worked out—what they were not smart enough to work out—is that many of the small businesses in that period of time went out of business. So many of them really struggled and went out of business. That is why we had a million people unemployed at that time.

The member for Werriwa said very little about this legislation because of the aspect of two parts of the Trade Practices Act: sections 45D and 45E. The Labor Party have never liked these sections in relation to secondary boycotts. In fact, when they were in government, they knocked them out and changed them; they have done everything possible to get rid of them. The member for Werriwa talked about the 60-40 rule. It is right that the unions, with their 60 per cent domination within the Labor Party, told them to get rid of them because they cause problems to the unions—they cannot do all the little spivvy deals behind closed doors to put pressure on employers. So they hate these provisions in the first place. I guess it is not unexpected that they will not support this piece of legislation. The bill does not give more rights—the rights are already there. The bill allows small business to access some of the rights that they should have. It gives the opposition an opportunity to demonstrate that they do support small business, but clearly from the speech we have just heard there is no chance of that yet again.

Currently, under section 45D of the act, secondary boycotts undertaken for the purpose of causing substantial loss or damage are prohibited. Under section 45E, certain contracts, arrangements or understandings with organisations of employees which affect the supply or acquisition of goods are also prohibited. This means that if I operate a business—for argument's sake, a business which does not employ any union mem-

bers—the union is effectively prevented from meddling in that business. What could they do? The union could then get other union members employed in a company that either supplies my business or sources their material from me and prevent those members completing any work for me. That is the secondary boycott—that is what it is all about. Currently, we cannot get the ACCC to represent small business in an action on that.

If you were a big business, you would have the capacity for an in-house lawyer, or something like that, to go in to bat for your company, but small business cannot do that. They do not necessarily have the financial ability to engage a lawyer to take action under the Trade Practices Act. They also do not have the power. Often big business can get around it because of the sort of buying power or the market share they particularly have, but it is a problem for small business because they do not have the financial capacity and they often do not have the buying power to get around the secondary boycott. Unfortunately, the section allows the ACCC to take action on, say, my behalf—if I am the aggrieved business owner—in relation to every other part of the act, but it makes an exception in relation to this aspect. The ACCC can take certain actions but not in relation to secondary boycotts. This bill is designed to change that. Recognising the fact that Australia's one million small businesses do not have the economic power and financial backing to commit to law suits when restrictive trade provisions of the Trade Practices Act are breached, section 87 allows the ACCC to take representative actions on their behalf. However, section 87 is limited, so the ACCC cannot take representative action on behalf of small businesses relating to sections 45D and 45E.

This begs the question as to why section 87 is restricted in this way. This is the issue for debate today. The substantive provisions of the act all proscribe conduct which is prohibited. Sections 45D and 45E are merely two examples of this, so why should these be treated any differently to the other substantive provisions of the act? Why should small business effectively be denied access to two substantive provisions when the larger cor-

porations effectively do have access? I would say that sort of distinction cannot be justified, and that is why we have introduced this bill. As I stated in opening, the issue here is not what the act legislates to prohibit, the issue is small business access to its provisions.

I encourage the Labor Party to debate this, although I see that there is nobody else here to debate it. They have had a change of heart—they have risen to the challenge and have now said, 'It looks a bit bad that we've only had one person in here talking on this. We'd better send somebody else in.' The member for Hunter is an interesting speaker because he was a great supporter of making changes to the Trade Practices Act when he was a member of the retail inquiry committee that I was also a member of.

The unanimous recommendation of that committee was to give the ACCC powers to intervene and take some test cases on behalf of small business in some of the battles they often have with larger businesses. It was all just flowing along. We thought that that would go well because there was unanimous support. What happened? There was a phone call from the unions and, once it got into the Senate, all of a sudden there was a change of heart. The member for Hunter smiles. He knows that he was overridden on that one. There again, the Labor Party backed off. They make out that they are the champions of small business, but effectively what happened was that unions that represent workers in larger corporations—and I do not want to name any particular larger corporations because they might think that I am targeting them when I am not; it is just that it is more likely that employees will be members of a union in those larger corporations—did not like the idea of Allan Fels taking representative action on behalf of small business and taking test cases against those larger businesses where there was a predominance of union member employees. When it came to the real test of supporting small business, they backed off yet again—and they are doing it here as well.

The member for Werriwa says that this is all about industrial relations. It is not. Go and ask a small business; it has nothing to do



with industrial relations as far as they are concerned. If they are placed in a situation where a union is desperately trying to get some of its employees within that union and they are not succeeding, the greatest trick in the book is to go off and use the power they have over another company which is a major supplier. They say, 'We're going to make sure you don't get supplied.' They can do it in such a subversive way, even indicating that they are not doing anything illegal. It is just too easy to do and that is why there are provisions in the act to overcome these secondary boycotts. However, there is no point having them if actions cannot be taken, particularly on behalf of small business.

That is what these provisions are about. They are fairly simple and straightforward. If the Labor Party really had any understanding of and real support for small business, they would be supporting this bill. I commend the bill to the House.

**Mr FITZGIBBON (Hunter)** (11.10 a.m.)—I rise to speak on the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#). The member for Eden-Monaro prompts me to go back through a bit of history. He was charging the Labor Party with being subservient to the will of the trade union movement. The history of the Joint Select Committee on the Retailing Sector is quite instructive. The reality is that the government had to be dragged screaming to establish that committee because of the perceptions about the way in which it conflicted with the interests of big business in this country. If people want to talk about being subservient to the interests of others, it was those on the other side of the House who had to be dragged screaming to establish the Joint Select Committee on the Retailing Sector in the lead-up to the 1998 election. Labor had, of course, already committed to such an inquiry and it had done so in the face of enormous lobbying from the small business sector in this country, who were sick and tired of falling victim to the misuse of market power on behalf of their larger competitors. It was Labor who took the initiative and it was the government who were dragged screaming, prior to the 1998 election, to make a similar commitment.

Post the 1998 election, the member for Cook was handed the poisoned chalice. He was given the position of chair of that committee. It was a poisoned chalice for the member for Cook because his riding instructions were to chair the committee but not to get too serious about doing anything that might be in conflict with the interests of that sector of our economy that is closest to this government—the big end of town.

Bruce Baird was given a fairly difficult job. However, the Labor Party went into that inquiry with goodwill and a determination to assist the small business sector and to strengthen the provisions of the Trade Practices Act to ensure greater protection for small businesses against the great strength of their larger competitors. Competition policy has been very important for the small business sector and the enhancements to the Trade Practices Act around 1995—the Hilmer provisions—have been very important to growth within the small business sector. It is important that we continue to develop and enhance the Trade Practices Act and the safety it provides to the smaller end of town in the business community.

That stands in stark contrast to what the government currently has in mind, egged on by the Business Council of Australia. The government now wants to review the Trade Practices Act to take away much of that protection, to give greater weight to the big end of town, to give greater opportunities for mergers and for big businesses to get even bigger at the expense of the small business sector.

The Joint Select Committee on the Retailing Sector inquiry was a fruitful exercise and some very sound recommendations emanated from it. Most of those recommendations have, of course, been supported by the opposition in this place and in the Senate. However, the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#) seeks to drive in the wedge. It again underscores the fact that the government has no third term agenda and that there was nothing in last night's budget for the small business community. I suppose you could argue that the small business community is just as prone to military attack or chemical warfare

incursions and that additional defence expenditure and border control will therefore be of some assistance to small business. However, going beyond that, you will find nothing in last night's budget which will provide any assistance to the small business sector, which is still suffering and coming to terms with the compliance cost impact of the GST. Let us not fool ourselves that the GST has not been a significant burden on the small business sector. It falls unevenly and it has affected some more than others. Quite obviously, those businesses who were not highly computerised were least able to absorb the impact of the GST and they continue to suffer.

The small business sector, some members of which I have spoken to this morning, was still hoping last night that there would be some acknowledgment of that and some relief for the small business sector in terms of the compliance cost impact of the GST. Alas, all we got last night was more money for the Taxation Office to wave an even bigger stick at the small business sector in terms of their GST compliance and more money for ASIC to keep a greater watch on the small business sector. The big stick is out but, again, in the budget last night there was nothing whatsoever to assist growth within the small business sector.

Going back to the purpose of the bill, this is an attempt to extend the representative action provisions of the Trade Practices Act to sections 45D and 45E of the Trade Practices Act. Labor is of the view, as is well known, that sections 45D and 45E, the secondary boycott provisions, have no place in the Trade Practices Act, and we would very quickly put them back into industrial law where they rightfully belong. It is not surprising that the opposition would be expressing concern and continuing to oppose the idea of giving the ACCC the opportunity to take action against parties for offences under sections 45D and 45E, given that we do not believe those provisions should be in the act in any case. But we do support the extension of that provision—that is, the ability of the ACCC to take representative action on behalf of small business under the rest of part IV of the act. We do so for very good

reason. We do so simply because we know that, in the past, the ACCC has had power to take action against large firms for misuse of market power—action which results, in some cases, in fines of up to \$10 million. But that does not assist the small business that has been damaged as a consequence of that action—and some small businesses have already gone out backwards because of that action.

So it is a matter of good public policy that we should give the ACCC the ability, while they are in the court taking the action, to also take representative action on behalf of small firms and to secure compensation for a small firm if the courts see fit. That is good public policy and it is logical, particularly given that, unlike larger businesses, small firms do not have the resources, the capacity and the finance to take those actions on their own behalf, particularly if they are already struggling financially or, indeed, have already gone out backwards as a result of that action. So it is very sound public policy and we have given our very strong support to it.

But it begs the question of the extent to which the government has attempted in the past to extend these provisions to sections 45D and 45E. We see it again today with a new bill. There is nothing new, and there is no indication from the opposition or the Democrats that this bill has any hope of success in the Senate. There has been no change in attitude. We have not changed our view, the Democrats have not changed their view, and the government knows that this bill has no hope whatsoever of securing passage through the Senate. So why introduce it? It is the same as the unfair dismissals laws. Again, they are back with us. There has been no change of attitude from either the opposition or the Democrats in the Senate, therefore there is no hope, in the view of the government, of that bill going through the parliament.

Again, it is about the wedge, it is about the lack of a third term agenda and it is about simply putting something out there to drive the wedge in. The government should not be using the small business community as a tool in this regard. Mr Deputy Speaker, I will tell you why perceptions about unfair dismissals

laws are so high in the small business community. It is because the government keeps telling them it is a problem. The government is constantly out there chanting the mantra that small business should be concerned about employing people because of the current unfair dismissals provisions—provisions which are themselves the laws of this government and which were amended as part of the Workplace Relations Act in 1996, an outcome which the government of the day described as a ‘fair go all round’. But, again, lacking a reform agenda, the government want us now to believe that those provisions are basically flawed, and they want to amend their own laws. We see again with this bill there is no agenda, so they wheel back out again the extension of representative actions to sections 45D and 45E, notwithstanding that there is no hope of passage through the Senate, to drive the wedge in again and instil more fear in the minds of those in the small business community.

You will recall that when the key bill, the Trade Practices Amendment Bill (No. 1) 2000 emanating from the Joint Select Committee on the Retailing Sector, came into this House we moved amendments to carve out sections 45D and 45E. What did the government do? It was prepared, for months and months, to hold up that whole bill and all of its positive amendments to the Trade Practices Act in order to get its way on 45D and 45E. It was not the interests of the small business community that it had in mind. It was not thinking of the small business community at all when it was prepared to delay those bills for all of that time to get its way on sections 45D and 45E.

I remind the House that that was a comprehensive bill which contained amendments to the act which went well beyond the recommendations of the Trade Practices Act. For example, in that bill was a savings provision which would have allowed the New South Wales government to draw down the new unconscionable conduct provisions in the Trade Practices Act into the New South Wales retail leases legislation. It was an amendment designed to ensure that the New South Wales act was not struck down as a consequence of being in conflict in any way

with the Commonwealth provisions. Again, Sandra Nori, the New South Wales minister, waited for something like two years to have that change to her act gazetted. She waited for that long for the Commonwealth government to make that very simple amendment to the Trade Practices Act at the Commonwealth level.

Again, the government showed no sympathy with or interest in that matter and how it affected small business. I do not need to tell this House what a big issue retail leases are in the small business community. Members such as the member for Eden-Monaro should not come into this place and attempt to establish themselves as champions of the small business sector when, last year, with respect to the Trade Practices Act amendments they showed that they were prepared to forgo those benefits to the small business sector in the interests of commitments they have had for a long time elsewhere. The opposition stand firm: there is no place for sections 45D and 45E in the Trade Practices Act. Therefore, we will not support any measure to extend or enhance the ACCC’s powers in that regard. Again, it is obvious to all and sundry that this bill has no hope of passing through the Senate. Therefore, it is clearly established that it is nothing more than another little stunt in the guise of an attempt to show that the government still has a reform agenda, whereas last night’s budget again demonstrated that there is no reform agenda at all. I ponder and lament the fact that never do we pick up a budget these days and see any vision for regional development policy or for infrastructure development in the regions, which are important for the small business sector. All we see these days are a few fiddles around the edges and a few myths. I lament the loss of the budget as a tool for setting down a vision for the future of this country.

**Mr JOHN COBB (Parkes)** (11.24 a.m.)— I rise with pleasure to speak on the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#). In country Australia and in the electorate of Parkes in particular we hear small business mentioned frequently. Certainly, in my electorate small business is a major contributor to employment, produc-

tion and everyday life—it is the barometer of country life. It is terrifying to hear the opposition once again underline their total ignorance of what small business is about. This bill is necessary because, more than any other section of the community, small business suffers the effects of secondary boycotts. We have heard it said that this budget does nothing for small business. It is a responsible budget which will ensure low interest and low inflation. No two things are more vital to small business than low interest and low inflation. I shudder to think what we would have had to deal with in the past eight months and would have to deal with in the next 12 months if this were 1996, when the government inherited a \$100 million debt. Only the good management of the last six years has enabled the government to deal with the current situation in the way it has.

In my electorate, virtually every business is a small business. Like much of regional Australia, we do not have large employer organisations. A large proportion of our labour force is in small segments. Small businesses in my electorate and the people they employ get on very well, but they are incredibly affected by secondary boycotts, which can prevent them harvesting their produce and even getting it to market. In smaller towns and centres, entire communities rely on the ability of small business to succeed. Talk about the bill automatically being knocked out in the Senate and about it being without hope and simply a political stunt is frightening—we have to live in hope. There are some who refuse to acknowledge what business, let alone small business, has to contend with. We can only keep sending the bill to the other place and hoping that commonsense will eventually get through to those who have a vested interest in making sure that the status quo continues. It is interesting that we are told that the bill has no hope in the Senate, when the opposition is discussing how to stop being known simply as the union movement.

Small business operates on very tight margins and limited cash flows. Almost always, the owners have all their personal assets at risk. They do not have the ability to deal with disruptions to trade, and they cer-

tainly do not have the ability to find money for costly legal action. The threat of an unlawful secondary boycott is always present, and it puts the future of some vulnerable operators at risk. That means not only that their whole operation is under threat but also that they do not have the ability or the money to take legal action against a secondary boycott. In such situations a union can get off unpunished simply because the operator has to take it on the chin. The employees, who nearly always are in total accord with the business operators, also suffer the consequences. If we do not pass this legislation we will put jobs at risk rather than protect them. These amendments, which give strong powers to the ACCC, would enable the ACCC to represent small business when they suffer expense and damage as a result of illegal secondary boycotts. They would also reduce the number of unlawful secondary boycotts.

I repeat that, if these amendments are not put through, small businesses will, without doubt, continue to bear the cost incurred without the ability to take legal action to prevent it. The National Party has always been strongly committed to ensuring the future of country people, and that means ensuring the future of small business. It also means trying to educate the opposition about those things that really matter to small businesses and to the people who work for them. To say that this budget does not help small business is totally incredible and shows a total lack of understanding as to what small business has to contend with.

Since this government came to power, it has made enormous strides in reducing the number of industrial disputes. The time lost through strike action has fallen to about one-third of that lost in the late 1980s. As I said, small businesses, especially in country regions like Parkes, and the people they employ are normally of one accord; they work together very well. The threats come from outside.

About 95 per cent of all businesses in Australia are small businesses, and we employ about half of the total work force in Australia. Business, especially small business, is about margins. If you think about the cost of labour, especially in New South

Wales under the current Labor government, just simply putting workers compensation and superannuation together puts us somewhere in the order of 20 per cent for a start, and it gets much higher than that. Most small business operators in the country, including in mining, forestry and agriculture, get to about 15 per cent on workers compensation, which is probably the worst run workers compensation scheme in Australia by a country mile, to use a pun. We cannot afford to have the threat of secondary boycotts on top of that.

People who are employed in country regions mostly have high living costs. I do not think any responsible member of this parliament, especially one who represents a country electorate, could do anything other than support a bill that will make life better, the labour force more secure and production more of a long-term proposition. I commend the bill to the House.

**Mr FITZGIBBON (Hunter)** (11.32 a.m.)—Mr Deputy Speaker, I seek leave to make an additional contribution to the debate.

Leave granted.

**Mr FITZGIBBON**—I thank the House for this opportunity; it is not all that often that one gets to respond to the speaker who follows one in a second reading debate. I noted with great interest that the member for Parkes continually made reference to the wonderful things that the budget will do for small business, but on not one occasion did he give us an example of what the Treasurer's seventh budget will do for small business. He repeatedly told us that it will do good things, but he could not provide one example. Of course, there is a very good reason for that: there is no example.

However, there are some examples of bad things that the budget will do to small business. The member for Parkes, and the member for Eden-Monaro before him, made reference to interest rates. Members of the government always like to hark back to the high interest rate regime of the 1990s, something that was an international phenomenon. At that time everywhere in the Western world had high interest rates. After seven years in

office, the only line that the government can roll out on small business is to remind people that there was a period during the 1990s when small business faced a very high interest rate regime. Of course there was, and small business right around the globe was facing the same issue.

Let us have a look at what last night's budget does for interest rates. It puts additional upward pressure on interest rates. So it is all right for members of the government to constantly remind us about the impact of interest rates on small business back in the 1990s, but what small business is concerned about today is the additional upward pressure on interest rates that we are currently experiencing, the fact that the budget did absolutely nothing about that last night and the fact that, in the not too distant future, we will be seeing more rate rises from the Reserve Bank. That is an example of what last night's budget did for small business. Another example is the additional funding to the Taxation Office to wave a bigger stick at small business on GST compliance and there is more money for ASIC to further pursue small business.

I know I am getting the wind-up, Mr Deputy Speaker—and I will not abuse the indulgence of the House—but I want to make this point, because it goes to much of what the member for Parkes said. At no time during the hearings of the Joint Select Committee on the Retailing Sector did we receive any evidence whatsoever or any representations to the effect that small business was concerned about the secondary boycott provisions of the Trade Practices Act. So let us put that myth to rest right now. I do not remember how many submissions we had—because it was two years ago—but we had volumes and volumes from a broad cross-section of the small business community. It seems that I am not getting the wind-up now; the government does not seem to be able to get its house in order in relation to its speakers or, indeed, getting them to the chamber. At no point during the inquiry of the Joint Select Committee on the Retailing Sector did we receive any representation whatsoever from the small business sector on the impact of the secondary boycott provisions on small busi-

ness. I will leave you to ponder that point, Mr Deputy Speaker.

**Mr KATTER (Kennedy)** (11.36 a.m.)—One must understand that, in an industrial situation, the workers' only right to get a decent pay packet depends upon their ability to collectively bargain. Any undermining of that right to collectively bargain has very serious ramifications for the rights of the worker. People on the government side of the House are very naive on these issues. It surprises me. There must be very few of them who have ever worked in an industrial situation. I remember vividly the first complaint that I made at Mount Isa Mines, and I will be very specific. We stayed in the Star Gully barracks, which looked a bit like they sound. The gauze was torn and the mosquitoes were attacking us. We were all sitting around drinking and complaining, and someone was selected to go and make a complaint. They selected me. So I was the union rep for the day—we were all members of the AWU—and they said, 'You're one of those complaining types, are you?' I suspected that I went down on a list at MIM. Later on, at a safety meeting, I suggested that it was a bit stupid for us to go 10 storeys every time we wanted to do a job and that, if someone did that job down there and I did that job up here, it would be a lot simpler. Anyway, I made a complaint about both these matters to my union rep and he went and told my boss. There was nothing done about the problems that I had delineated, but I was most certainly put on a list that I did not want to be on.

I tell this story to indicate that, if you act independently and do not have good union representatives, then you do not have a healthy industrial climate. If we are forced to act individually, without the protection of a union, then the rights and privileges that we enjoy as employees in this country will very rapidly evaporate. Having said all of those things, self-employed small business people have a much more difficult row to hoe than the average employee, and to go picking on them, it seems to me, ranks in the scale of injustices below that of the employee class. So, on the face of it, it appears to me that the **Trade Practices Amendment (Small Business**

**Protection) Bill 2002** is reasonable, and we support that. But, as I said in the joint party room when I was a member of the other side of the House, any further weakening of the right of employees in Australia to collectively bargain will be opposed by me, and opposed fairly strongly, because I think that enterprise bargaining has been a magnificent weapon for big business in the fight to pay Australian employees much less than they are being paid at the present moment and for their conditions to be much worse than those they are enjoying at the present moment.

I represent probably the biggest hard rock mining electorate in Australia, with the exception of Kalgoorlie. A lot of those jobs are now, sadly and unfortunately, fly-in jobs. When fly-in jobs were introduced, Stephen Smith, the member of parliament here, was the opposition spokesman and was quite right in saying that the number of fatalities and accidents that were occurring in the mines after the introduction of fly-in mining was horrifically high. There are very good reasons why. One of the reasons is that, in a three-year period, there is 100 per cent turnover of employees in this category of employment in the Australian industrial firmament. If you are turning over people continually, then people do not know how to do their job properly and safely. Consequently, there is a terribly high accident regime.

I think this bill is getting very close to undermining the workers' rights, but I do not think it steps over the mark. Consequently, I will be supporting it. But I would, in the strongest possible language, urge the minister to realise that the workers' rights—and it is with deep regret that a lot of Labor people have to admit this—were very severely undermined by Mr Keating's legislation, and I hope that those sorts of initiatives are not continued under the regime of the current government. Whilst I would praise the minister in the House at the present moment, some of his colleagues do not share his enlightened beliefs. I think there will most certainly be very determined efforts to undermine the rights of the average Australian employee.

**Mr HUNT (Flinders)** (11.42 a.m.)—It gives me great pleasure to rise to speak in



support of the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#). This bill is about the notion that secondary boycotts can destroy a small business. A secondary boycott is an action in which an innocent party is essentially a victim. Whether it is a contractor in Hastings, a drycleaner in Rosebud, a hotelier on Phillip Island or a vigneron in Red Hill, all of these businesses are run by operators who are vulnerable to the actions of third parties. They can be made vulnerable, through no fault of their own, to actions for which they have no responsibility and over which they have no control.

At present, the situation with relation to secondary boycotts is that small business operators have a right, under sections 45D and 45E of the Trade Practices Act, to bring an action to protect themselves against secondary boycotts. But the reality of the law is very simple: that right comes at an enormous cost because, in any action they take, they are taking on the might of a major collective organisation. For a small business owner not only is it frightening in terms of the long-term political costs that they may face but also it can be almost entirely destructive to the financial future of their business. The second present reality is that the Australian Competition and Consumer Commission, the ACCC, has rights under the Trade Practices Act to act as the representative of both businesses and consumers who are subject to intimidatory action under a number of circumstances but not for secondary boycotts. So you have a champion who is willing and able under legislation to act as the representative of a group but it does not apply in the current situation of secondary boycotts. The goal of this legislation is to protect small business owners from oppressive behaviour through a secondary boycott by giving them the right to have a champion who can act on their behalf.

There are three issues: firstly, what the bill does; secondly, why it is necessary; and, thirdly, its context and its impact more generally. The [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#) proposes amendments to section 87 of the Trade Practices Act 1974 to allow the Australian

Competition and Consumer Commission to bring representative actions in respect of contraventions of sections 45D and 45E of the Trade Practices Act. As I described before, section 45D of the act prohibits secondary boycotts which are undertaken for the purpose of causing substantial loss or damage. Any action taken to hurt an innocent party for punitive reasons is prohibited under the act. Similarly, section 45E prohibits contracts, arrangements or agreements which affect a supplier's acquisition of goods or services. So, drying up the pipeline for a small business simply because it happens to support a particular type of workplace arrangement or agreement is prohibited.

How do you deal with that? At present, under section 87 of the Trade Practices Act, the ACCC can bring representative actions in respect of all of the contraventions of part IV of the Trade Practices Act except for the two specific areas of 45D and 45E—secondary boycotts, and arrangements which effectively dry up the pipeline of basic goods and services for employers. The proposed amendments do not give the ACCC new powers in a new area; all they do is make it easier for affected businesses to gain advantage of the secondary boycott provisions of the act by providing them with a champion.

Why is this important? Why does it matter? There are one million small businesses within Australia. All of them know that the costs of litigation are prohibitive. They have seen that with the problems surrounding public liability insurance. The cost is one of the reasons why so many of them prefer to take the simple response of settling out of court—even when they know they are in the right—rather than taking the risk of proceeding through a significant court case. This is even more so with regard to secondary boycott actions, because they are not up against an individual but up against a collective organisation with deep pockets and an ideological approach.

The reality is that, in most cases, small businesses are unable to avail themselves of the protections afforded under sections 45D and 45E of the Trade Practices Act. The result is the creation of a climate of fear and, in some cases, intimidation. In that situation,

there is a responsibility to act. That is why simple measures allowing the ACCC to represent small businesses and consumers who are victims of secondary boycotts are necessary and justified.

What is the broader context? It is that 95 per cent of businesses in Australia are small businesses. There are one million small businesses, and they employ over half of the Australian work force. Of those one million, 6,000 small businesses are registered within my electorate of Flinders. That means businesses such as the new Bridgestone Tyres in Hastings, or Gendore Agricultural Supplies in Tooradin and the Isle of Wight Hotel on Phillip Island—all of which provide employment and all of which play a very important role—are susceptible to actions beyond their control.

This legislation is part of a broader package of reforms which began in 1996 to protect the needs and livelihood of small business operators. Firstly, the Workplace Relations and Other Legislation Amendment Act 1996 restored the secondary boycott provisions to the Trade Practices Act. Secondly, the Trade Practices Amendment (Fair Trading) Act 1998 prohibits unconscionable conduct in business to business transactions, which effectively is the second part of 45E. Thirdly, there is the entire fair dismissals package which is currently before the parliament. Only last night, superannuation relief for small business owners was added as part of the 2002 budget.

This legislation needs to be seen in context: as part of an overall six-year approach to lifting the burden on and creating greater protection and freedom for small business operators. Ultimately, this legislation is about protection. It is not about the oppression of either side in a dispute but simply about providing fair representation for that group which is most at risk. It is critical that the ACCC can seek compensation in cases of unlawful secondary boycotts, as it can with other restrictive trade practices. The ACCC undertakes preventative as well as enforcement actions. Allowing the ACCC to bring representative action can act as a deterrent to unlawful activity and provide redress for victims. Under those circumstances, I com-

mend the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#) to the House and urge that all members support its provisions.

**Ms PANOPOULOS (Indi)** (11.51 a.m.)— I take pleasure in being a member of the federal government that has taken certain measures and keeps delivering for small business. Low interest rates, low taxes and low inflation over the past six years have provided an environment where small business can be confident, can invest in their business and can add to job growth. Australia's one million small businesses have created most of the nearly one million jobs added to the Australian economy since the Howard government came to office in 1996. Notwithstanding the vital role that small business plays as the backbone of our economy, individual business people are not fully protected by the secondary boycott provisions of the Trade Practices Act. Usually operating on narrow margins and limited cash flow, small businesses are often easy targets for unconscionable behaviour by trade unions. The [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#) seeks to address this imbalance by allowing the Australian Competition and Consumer Commission to bring representative action for loss or damage under sections 45D and 45E. These provisions will give greater protection to small business against malicious actions by third parties.

Currently, the act allows the ACCC to bring representative action for loss or damage due to contraventions of the act, except where the matter involves the boycott provisions. This bill will make the Trade Practices Act work as it was designed to and will make it easier for businesses to seek redress under the existing provisions of the act. Currently, the ACCC can commence actions where boycotts affect competition or international trade but not for loss or damage suffered by the targeted business. This can often have the effect of giving larger businesses greater protection than small businesses—yet it is small businesses who too often lack the power to take any action when they have been treated unfairly. This perverse situation, where big business has more protection than



small business, will be remedied by these provisions.

The Howard government has sought to ensure that businesses, particularly small businesses, can conduct themselves in an atmosphere of fair play and the rule of law. In 1996, the government restored the secondary boycott provisions of the Trade Practices Act as part of the workplace relations reforms. The Trade Practices Amendment (Fair Trading) Act 1998 prohibited unconscionable conduct by big business. Last year's [Trade Practices Amendment Bill \(No. 1\) 2001](#) enabled the ACCC to take representative actions for breaches of the restrictive trading provisions, but this bill was amended to exclude sections 45D and 45E. Yet again we see the Labor Party desperately trying to prevent the strengthening of the secondary boycott provisions of the Trade Practices Act. The Labor Party has never quite accepted the reasonable proposition that ordinary Australians can seek to redress the substantial loss or damage resulting from secondary boycotts. It does not even pretend to be the friend of small business.

The Labor Party has always hated the secondary boycott provisions of this act because they seek to protect innocent third parties from the reckless behaviour of Labor's trade union mates. Twice the Hawke government tried to remove 45D and 45E from the Trade Practices Act. The Keating government succeeded in having the provisions drastically watered down in 1993. Just what is it about these provisions that the Labor Party and the unions find so frightening? Secondary boycott provisions have only ever been accessed by business as a last resort and they have not prevented arbitration being used as a means to settle a dispute, yet Labor continually opposes a provision that has been accessed in the Federal Court just 13 times since the Howard government restored the secondary boycott provisions that had been watered down by the Keating Labor government.

The provisions of this bill to assist small business also have the support of the Australian Law Reform Commission. The commission agrees that allowing the ACCC to take representative action on behalf of small business increases the access to justice for a

group in the community that would otherwise not have the time or the resources to initiate action. The Law Reform Commission sees this as giving ordinary Australians more equitable and efficient access to justice. As well, two parliamentary committees—the House of Representatives industry, science and technology committee and the Joint Standing Committee on the Retailing Sector—have endorsed these amendments to the Trade Practices Act because of the protection they afford to small businesses.

The limited resources of small businesses make them both more vulnerable to boycott action and less able to seek redress through the courts. Two-thirds of small businesses are family owned and run and lack not only the resources but the manpower to take on powerful trade unions. Importantly, the ACCC can take preventative as well as compensatory action. This is particularly important to small business. The ACCC has expressed a willingness to assist small business as provided for under this bill. The very presence of these provisions should act as a greater deterrent to the unconscionable activities already outlawed under the Trade Practices Act than is presently the case and will hopefully assist in holding accountable some of the thugs in the trade union movement who believe they have an immutable right to act outside the law and to ruin the livelihood of hardworking men and women in small business.

**Mr SLIPPER** ([Fisher—Parliamentary Secretary to the Minister for Finance and Administration](#)) (11.57 a.m.)—I am particularly pleased to sum up this bill on behalf of the government in the absence of the minister who, I understand, is on his way to the chamber. The government appreciates the contribution that has been made by honourable members to the debate on the [Trade Practices Amendment \(Small Business Protection\) Bill 2002](#). This bill is particularly important, and the Minister for Small Business and Tourism has pointed out in his second reading speech the reasons that the House should support this item of legislation. This particular bill is one which we, as a government, are very proud to support, and

we very strongly urge the House to back this legislation. I commend the bill to the House.

Question put:

That this bill be now read a second time.

The House divided. [12.02 p.m.]

(The Deputy Speaker—Hon. L.R.S. Price)

Ayes.....	74
Noes.....	58
Majority.....	16

#### AYES

Abbott, A.J.	Anderson, J.D.
Andren, P.J.	Andrews, K.J.
Anthony, L.J.	Bailey, F.E.
Baird, B.G.	Baldwin, R.C.
Barresi, P.A.	Bartlett, K.J.
Billson, B.F.	Bishop, B.K.
Bishop, J.I.	Brough, M.T.
Cadman, A.G.	Cameron, R.A.
Causley, I.R.	Ciobo, S.M.
Cobb, J.K.	Downer, A.J.G.
Draper, P.	Dutton, P.C.
Elson, K.S.	Entsch, W.G.
Farmer, P.F.	Forrest, J.A. *
Gambaro, T.	Gash, J.
Georgiou, P.	Haase, B.W.
Hardgrave, G.D.	Hartsuyker, L.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E.	Hunt, G.A.
Johnson, M.A.	Katter, R.C.
Kelly, D.M.	Kemp, D.A.
King, P.E.	Ley, S.P.
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.
Panopoulos, S.	Pearce, C.J.
Prosser, G.D.	Pyne, C.
Randall, D.J.	Schultz, A.
Scott, B.C.	Secker, P.D.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Southcott, A.J.
Stone, S.N.	Thompson, C.P.
Ticehurst, K.V.	Tollner, D.W.
Tuckey, C.W.	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.
Byrne, A.M.	Corcoran, A.K.
Cox, D.A.	Crosio, J.A. *

Danby, M. *	Edwards, G.J.
Ellis, A.L.	Emerson, C.A.
Evans, M.J.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
George, J.	Gibbons, S.W.
Gillard, J.E.	Grierson, S.J.
Griffin, A.P.	Hall, J.G.
Hatton, M.J.	Hoare, K.J.
Irwin, J.	Jackson, S.M.
Jenkins, H.A.	Kerr, D.J.C.
King, C.F.	Latham, M.W.
Lawrence, C.M.	Livermore, K.F.
Macklin, J.L.	Martin, S.P.
McClelland, R.B.	McFarlane, J.S.
McMullan, R.F.	Melham, D.
Mossfield, F.W.	Murphy, J. P.
O'Byrne, M.A.	O'Connor, G.M.
O'Connor, B.P.	Plibersek, T.
Ripoll, B.F.	Roxon, N.L.
Rudd, K.M.	Sciacca, C.A.
Sercombe, R.C.G.	Sidebottom, P.S.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.	Vamvakinou, M.
Wilkie, K.	Zahra, C.J.

#### PAIRS

Kelly, J.M.	Burke, A.E.
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\* denotes teller

Question agreed to.

Bill read a second time.

#### Third Reading

**Mr HOCKEY** (North Sydney—Minister for Small Business and Tourism) (12.10 p.m.)—by leave—I move:

That this bill be now read a third time.

In summary of the **Trade Practices Amendment (Small Business Protection) Bill 2002**, I would like to make a couple of points about some of the comments of the opposition. Firstly, it should be noted that the opposition has form in relation to this bill. If you ever needed recorded evidence of how the opposition shows absolute contempt for small business, then there is no better evidence than the history of the bill before this parliament and the previous parliament. If you needed any individual example of how the Labor Party opposition is determined to leave behind small business, then have a look at the performance of the member for Hunter. The member for Hunter, when he was shadow minister for small business,

came into this place with his colleagues, including the shadow assistant Treasurer at the time, the member for Wills, and a number of frontbenchers and backbenchers, and they said that small business needed the full protection of the ACCC in relation to secondary boycotts. The member for Brisbane, who was shadow workplace relations spokesman, came in at the end of the debate and said that the Labor Party would not be supporting small business. He said that because the union movement had instructed him that, at the end of the day, the Labor Party is there for the union movement and not for the 1.2 million small businesses in Australia.

Let me just re-explain to the House what this does. Business, and particularly small business, continues to be effectively denied adequate protection from costs and damages produced by breaches of secondary boycott provisions. Small businesses are generally unable to bear the costs inflicted on them as victims of unlawful secondary boycotts and prevented from bringing action in respect of that contravention. So the ACCC currently has a whole range of powers to bring representative actions to the courts in defence of small business. But, when they are the innocent victims of a secondary boycott perpetrated by the mates of the Labor Party, small businesses do not get any protection. Our bill before the parliament today is about giving protection to small business.

The member for Werriwa said in his speech that this is an industrial relations matter. This is not an industrial relations matter. It is a matter of unlawful restrictions in trade, and it is the Trade Practices Act. There is some irony there, isn't there? The Trade Practices Act, restriction in trade—there is no place for this in the act, according to the member for Werriwa! This is the member for Werriwa who has extensive experience, in the course of his career, of dirty hands being involved in small business. Anyone involved in small business will tell you—and they will say this to the member for Werriwa—that, if you are a small business person and you are the innocent victim of a court action or the innocent victim of restraint on trade, you cannot afford to defend yourself. That is why we are

giving the ACCC more power and we want to give it the resources to go in to bat to defend the interests of small business. I would like to thank members of the House who contributed to this debate: the member for Eden-Monaro, who is a great advocate for small business and, in fact, like so many people in this place, has real-life experience in small business—

**Mr Fitzgibbon**—Mr Deputy Speaker, I raise a point of order. Aside from the fact that the minister is misrepresenting people on this side of the House, while he is exercising his right to speak in the third reading debate—which is provided for under the standing orders—you know that that is a very tight provision. The minister should only be talking about the specifics of the bill, not raving and ranting about relationships between the Labor Party and the trade union movement or indeed attacking and misrepresenting people on this side.

**The DEPUTY SPEAKER (Hon. L.R.S. Price)**—There is no point of order, but there are restrictions on a third reading contribution.

**Mr HOCKEY**—Mr Deputy Speaker, that is interesting because the shadow minister for this area had in fact agreed that I was entitled to make a summary speech. It is a simple courtesy that the minister responsible for small business should be able to say something about the bill that he introduced.

**Mr Fitzgibbon**—Why didn't you earlier?

**Mr HOCKEY**—I was speaking at the small business show. Is there a problem with that? As someone who is involved in small business, it is important.

**Mr Fitzgibbon**—Priorities!

**Mr HOCKEY**—Minorities?

**Mr Fitzgibbon**—Priorities!

**Mr HOCKEY**—The bottom line is this: from the Labor Party perspective, they regard 1.2 million small businesses in Australia as minorities.

**Mr Fitzgibbon**—Mr Deputy Speaker, I raise a point of order. That is a deliberate misrepresentation, and the minister knows it. I am offended by his remarks and I ask that he withdraw.

**The DEPUTY SPEAKER**—The honourable member for Hunter will have an opportunity to make a personal explanation. But I would also invite the minister to stick to his brief.

**Mr HOCKEY**—Mr Deputy Speaker, in my previous thoughts about this bill I forgot that the Labor Party have a glass jaw on this matter—the Labor Party that the Leader of the Opposition pledged would turn over a new leaf. We were expecting that there would be this massive fig leaf wheeled into the House so that the Labor Party would start to take the interests of small business to heart and in fact, when it came to votes in this place, would defend the interests of small business. We have since discovered that when it comes to the votes on small business they do leave small business behind.

This is an important bill. This government will not stand down from defending the interests of small business in relation to protection by the ACCC. We will not step back from that. That is because so many people on this side of the House have been involved in small business and have worked in small business—people like the member for Solomon, the new member for Dobell and of course my friend the member for Canning. All three have recent experience in small business, and all three of them know that small businesses need all the protection they can get and that, where appropriate, the ACCC should be given greater power to protect the interests of small businesses, particularly when they are the innocent victims of examples like secondary boycotts. The member for Eden-Monaro, who spoke on this bill, has experience in small business; the member for Parkes, who spoke on this bill, has experience in small business; the member for Flinders, who spoke on this bill, has experience in small business; and the member for Indi, who spoke in this debate, also has experience in small business, as does the member for Kennedy.

What I would encourage the Labor Party to do next time there is an opportunity to put the interests of small business ahead of the unions is to put small business ahead of them. The Labor Party is having a great brawl within its own ranks about just how far

it should go in protecting its associations with the union movement. But small business is and continues to be the engine room of the Australian economy, representing 25 per cent of GDP. Of the 1.2 million small businesses in Australia, 600,000 have been set up while this government has been in office. The fastest growing area of small business involves women under the age of 35 setting up their own businesses.

The member for Werriwa quite rightly talks about aspirations. For many small business people it is their aspiration to set up their own business and make their dreams come true—when they really want to try and make enterprise and thrift a part of their daily lives through the vehicle of small business. That is why individuals—so many of those micro-businesses, so many of those businesses operating from home, that are the innocent victims of restraint of trade—need to be defended and protected by the ACCC. That is what we wanted to do in this bill, but unfortunately the interests of the union movement have prevailed.

I am hoping that the Democrats will see sense in the Senate. The Democrats are perhaps the last refuge of commonsense in the Left of Australian politics—and they are of the Left. People like Senator Murray have experience in small business. They know how debilitating it can be for small business not just to be caught up in court cases but also to become the innocent victim of restraint of trade—the innocent victim of exterior events over which they have no control, yet all of their daily income relies heavily on the actions of one single party and that party cannot supply, or is unable to purchase, product. That is incredibly debilitating for a small business.

So we will be continuing to defend the interests of Australia's 1.2 million small businesses. We will be doing that because we want them to aspire to be successful, we want them to aspire to be profitable and we want them to aspire to employ more people. I am hoping that sooner or later the smart people in the Labor Party will understand that helping small business is actually politically, if not economically, more in their interest

than protecting the interests of the union movement.

**Mr LATHAM (Werriwa)** (12.21 p.m.)—I want to set the record straight. The minister had the indulgence of the opposition to speak on this matter because he missed his opportunity to wrap up the debate. I would have thought that when he was given indulgence from the opposition to speak with a broad brief in the third reading debate he might have stuck to the matters of the bill rather than getting into matters relating to trade unions, what Labor Party people have said about this bill and what is happening in the Senate. He has taken on a brief that was outside the goodwill that was passed to him by the opposition. I want to set the record straight on this. We firmly believe that the ACCC should have competition powers because it is the Australian Competition and Consumer Commission, not the Australian Industrial Relations Commission. We set it up; we know it well. We gave it a competition brief, but this minister is now in the bad position of saying to small business around the country that the ACCC should have industrial relations powers but not competition powers. He is part of a government that set up a review of the Trade Practices Act—

**Mr Hockey**—That's right.

**Mr LATHAM**—at the behest of big business—damn right—to take away the competition teeth and powers of the ACCC. This minister is part of a government that is doing the toady work of the big business sector in this country to take away the real powers of the ACCC. If you are running a corner store in the grocery sector and you have a big business up the road engaging in predatory pricing and other anticompetitive practices, what is your one protection under Australian law? It is the competition power of the ACCC. The minister nods. If you are an independent service station worried about the predatory pricing and anticompetitive practices of the oil majors, what is your one source of protection under Australian law? It is the competition powers of the ACCC—not the industrial relations powers of the ACCC, but the competition powers.

This is a government that has set up a trade practices review to take away those

competition powers. It is being manipulated by the big business sector to set up this review and do over the small business sector. This is evidence of the government's mixed priorities. Do not turn the competition regulator into an industrial relations watchdog; keep it as the competition watchdog and strengthen it. Give it extra competition powers to protect small business in this country—because if you are running any of those small businesses, you are much more worried about the power of big business than about the power of secondary boycotts. Industrial relations should be with the Industrial Relations Commission; competition power should be with the competition commission. It is a simple proposition and this minister is selling out his own sector by mixing up the powers and mixing up the commissions. He has got it bum up. He wants to turn the ACCC into the IR Commission. The government would love to gut the IR Commission if it had half a chance. So it is the government that is all at sea.

*Mr Hockey interjecting—*

**Mr LATHAM**—He says it is true. Sotto voce—it is true. The minister has been sprung. He is upside down Joe. He has it all bum up. Just as he was late for the debate, he is late for the truth. The Labor Party say the truth is that the ACCC should have strong competition powers. We are the true protectors of small business against the predatory power of big business. You are the true gutter. You want to gut the ACCC because you have got the big end of town—

**Mr Hockey**—You don't even believe this!

**Mr LATHAM**—Joe, the important thing is for you to believe me, and for you to get into cabinet—rip that chest open, clear away that caraway seed, grow a heart—and protect small business and say, 'Look, we are not going to have a trade practices review that guts the ACCC. We are not going to have a trade practices review that runs a jihad on Allan Fels. We are not going to have a trade practices review that strips bare small business in this country to the power of big business. We are not going to leave small business standing naked on the street corner without any of the powers they need under the Trade Practices Act to fend off big busi-

ness.' Damn right—I have turned him round. He is now a true believer of what I am saying. Whoever said that this minister was not open to the power of persuasion? He has come good. He has come down late but he has come good at the end. Joe, this is your day. You have come down late but you have come good at the end. I have cleared up the public record. There is now consensus in this parliament that we need a strong ACCC with strong trade practices powers. We do not need an ACCC that does the work of the Industrial Relations Commission. So we have reached a consensus. It is a happy outcome. Now we can happily go on to the third reading of the bill.

**Mr HOCKEY** (North Sydney—Minister for Small Business and Tourism) (12.26 p.m.)—In summary on the third reading debate, the member for Werriwa certainly took the chance to verbal me. This is clearly not an industrial relations matter; it is clearly a restraint of trade matter. If you are saying that a business is the innocent victim and has no part in the creation of a secondary boycott—

**Mr Latham**—Exactly.

**Mr HOCKEY**—and there is a restraint of trade, surely this bill will be about protecting those small businesses which are the innocent victims of an event that occurs. The other issue I want to clarify for the edification of the member for Werriwa and the House is this: the review of the Trade Practices Act has been announced on the basis that we are about protecting the interests of small business. At the time of the announcement prior to the election the Prime Minister said, without equivocation, that the interests of small business would be the priority for the review of the Trades Practices Act.

The second issue goes to the announcement of the terms of reference and the composition of the three-person panel. The chair of the panel is a former High Court judge. Jillian Segal, one of the three commissioners on ASIC, is one of the strongest advocates for small business. The third member of the panel is Kurt Rendell who is the chairman of my small business advisory committee. So if there is any business influence on the composition of the three-person panel, it is 2-0 to

small business. The laughable suggestion from the member for Werriwa that somehow it has all been stacked against small business just wears thin when facing up to the reality of what has been pledged. I wanted to clear that up so there is no ambiguity whatsoever. The interests of small business will be at the forefront of the review. Most significantly—and this is what the Labor Party fails to understand—we are about protecting the interests of all business because we want all business to be profitable. If big business is profitable then small business can also be profitable; it is not either/or. We will make sure that the voice of small business is heard—not just expressed but heard. That is why the breathtaking hypocrisy of the Labor Party in relation to this bill cannot be forgotten. Just when we put the test down in front of the Labor Party, just when we ask them to show their true colours in relation to small business, they are found wanting because they are always defending the interests of their union mates.

Question agreed to.

Bill read a third time.

#### **SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT) REPEAL AND AMENDMENT BILL 2002**

##### **Second Reading**

Debate resumed from 21 February, on motion by **Mr Slipper**:

That this bill be now read a second time.

**Mr LATHAM** (Werriwa) (12.30 p.m.)—The measures in the *Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002* are essentially technical changes to streamline procedures for the Commonwealth superannuation schemes affected and their members. Many fund members will welcome these changes, many of which respond to their complaints about the schemes. Most of these measures were previously contained in a bill that was rejected by Labor and the Democrats in the Senate because it also contained the government's attempt to introduce so-called 'choice' or, to be more accurate, to deregulate Public Service superannuation to the detriment of public servants. The government has not included this contentious pro-



posal in this particular piece of legislation. Subject to amendments in the Senate—and I understand some have been circulated here in the House—Labor intends to support the bill.

My colleague Senator Sherry will introduce amendments to protect employees from possible unintended consequences of changes to the eligibility of some organisations to continue to be part of the Commonwealth Superannuation Scheme. Item 12 of the bill changes the definition of ‘approved authority’. This is significant because only employees of approved authorities may be CSS members. While any changes under the new provisions would still have to be made by a disallowable instrument, I am concerned that employees may not be aware of any proposed changes until it is too late to make representations on the issue. Senator Sherry’s amendments will require the minister to consult with affected staff a minimum of eight weeks before the tabling of such a disallowable instrument. I think that is a very wise provision indeed and I urge the government to support it in the Senate.

I note that the government has foreshadowed some additional amendments. Labor intends to support those amendments as foreshadowed. Labor will support this bill in the chamber and will move amendments in the Senate.

**Mr RANDALL (Canning)** (12.32 p.m.)—I would like to make a few comments on the [Superannuation Legislation \(Commonwealth Employment\) Repeal and Amendment Bill 2002](#). This bill proposes to amend seven acts of parliament. The acts to be amended are the Superannuation Act 1976, the Superannuation Act 1990, the Parliamentary Contributory Superannuation Act 1948, the Superannuation Legislation Amendment Act (No. 1) 1995, the Administrative Appeals Tribunal Act 1975, the Law Officers Act 1964 and the Workplace Relations Act 1996.

The superannuation legislation bill is a product of the government’s commitment to improving the superannuation arrangements for Commonwealth civilian employees. The bill makes a number of largely technical amendments to the legislation and rules governing superannuation schemes applying to the Commonwealth public sector. These

changes include relaxing the rules regarding who may receive a surviving spouse’s benefit, allowing a retired member to receive a reduced pension in exchange for higher survivor benefits after the member’s death and providing for members who cease to be eligible to remain members of the scheme, due to their employer’s business being sold or their function being outsourced, to receive benefits similar to those available on voluntary retirement.

This bill pretty much follows the bill that was introduced in 1998 which, along with other bills regarding the choice of a fund package, lapsed when the parliament was prorogued for the 1998 election. While most of the technical measures contained in this and the earlier bill are substantially the same, the 1998 bill also contained provisions relating to the choice of fund rules for the [Superannuation Legislation \(Commonwealth Employment\) Repeal and Amendment Bill 2002](#).

The Public Sector Superannuation Scheme—PSS—would have been closed to new Commonwealth employees. New employees would have been offered a range of private sector schemes to choose from in accordance with the general choice of fund rules. Two schemes cover the vast majority of direct Commonwealth employees: the Commonwealth Superannuation Scheme—otherwise known as the CSS, which closed to new members from 1 July 1990—and the PSS. Both schemes are defined benefits schemes where the amount of benefit payable is based on a final average salary and the length of service. Although both have components based on members’ contributions and their earnings, the employer component of the benefit is largely unfunded—that is, the component is principally paid from contributions and earnings made to the fund during the period of their employment. Both schemes are compulsory for employees eligible to be covered by either of the schemes. Which particular scheme members belong to is largely dependent on the period during which they commenced employment with the Commonwealth, although CSS members were offered the opportunity to transfer to the PSS.



The membership of the schemes and the number of retired members each scheme supports reflect the history of the schemes. As at 30 June 2001, the CSS had 43,557 members; in 2000, it had 48,552 members and 110,045 pensioners. The average salary payable to retired members was \$19,468, compared to \$20,497 in 2000. The newer PSS had 121,078 members on 30 June 2001, which was an increase from the year 2000. The number of members who left the PSS—1,162—was principally related to involuntary retirement, with age requirements being significantly lower.

As the CSS and the PSS have been established for some time, there has generally been little controversy regarding these schemes. However, the indexation of pensions under the CSS was recently reviewed by the Senate Select Committee on Superannuation and Financial Services. The practice was for the pensions to be increased in accordance with changes in the consumer price index once a year to reflect changes occurring during the previous year. While arguing for more frequent indexation increases, submissions to the committee also argued that indexation of pensions should be linked to another index, principally the change in average weekly earnings.

The average weekly earnings index has generally increased at a greater rate than the CPI, so the indexation to this rate would result in a greater increase in pensions than an increase related to the CPI. The committee recommended that the indexation to the CPI be increased to a twice-yearly procedure as an interim measure and that the appropriate measure for indexation be examined.

The twice-yearly indexation to the CPI was introduced by the Superannuation Legislation Amendment Act 2001, while the argument regarding the appropriate indexation measures continues. Those in favour of a change from the use of the CPI to indexed pensions point out that the use of the CPI has resulted in the value of the Commonwealth superannuation pensions falling relative to wages earned and certain other pensions where the indexation is to AWE. This was particularly evident during the 1990s when evidence given to the committee showed that

during the period 1990-2000 Commonwealth superannuation pensions increased by 24 per cent while AWE increases were between 37 per cent and 47 per cent, Public Service wages increased by 40 per cent and parliamentary pensions increased by 50 per cent.

In the past, governments occasionally increased age pensions over and above the CPI indexation rate in recognition of pensions falling too far below 25 per cent of AWE. Since February 1998, age pensions have been tied through legislation to AWE. After indexation by the CPI, which is done biannually, the single rate of age pensions is compared with AWE and adjusted if necessary to ensure that it does not fall below 25 per cent of AWE.

A number of measures of AWE have been used in combination with or instead of the CPI to calculate the increases in pensions, wages et cetera. In its deliberations, the Remuneration Tribunal considered general economic indicators and specific indicators and it now uses the wage cost index—the WCI—as one of its specific indicators. The WCI is a fairly new statistic published by the Australian Bureau of Statistics.

I indicated that this information is rather pedestrian and boring, but I need to get the amendments to the legislation on the record. The amendments will give additional benefits to members who must leave the CSS because of the sale of an asset or outsourcing, as I indicated previously. In relation to Commonwealth civilian superannuation arrangements, the bill will improve access to reversionary benefits under the CSS where a retirement pensioner commences a marital relationship after 60—and people do do that. Where a relationship lasts three years, a full benefit will be payable and for less time the pro rata benefit will apply. These statistics are more interesting because they have the Victorian spin to them.

The bill will provide for additional benefit options for PSS and CSS members who cease membership on the sale of an asset or transfer or outsourcing of a function and will provide for an option for CSS retirees to reduce their pension and increase any reversionary benefit payable on their death. The bill provides flexibility. It also allows certain

superannuation payments to be paid to the CSS fund and it extends the CSS and PSS board delegation powers. It also simplifies and makes a number of technical changes to the CSS and PSS rules.

In relation to superannuation arrangements for federal parliamentarians, the bill will amend the Parliamentary Contributory Superannuation Act 1948 to improve access to superannuation reversionary benefits, provide for preserved unclaimed lump sum benefits to be paid to an eligible rollover fund chosen by a parliamentary retiring allowances trust, cease the payment of transfer amounts to the PSS by persons who become members of parliament on or after 2 July 2002, validate partial transfers previously paid to the scheme and ensure refund transfer values include interest.

As I said at the beginning of my speech, this bill seeks to streamline the operation of a number of superannuation schemes. I do not need to go into any more detail other than to say that the passage of this bill will ensure that the fund members are not disadvantaged by the previous Senate rejection of the government's policy to provide Commonwealth civilian employees with choice of superannuation fund. This bill will provide scheme members with additional benefit options and greater flexibility—and that is the keynote. It will also improve superannuation arrangements for Commonwealth public servants by providing them with additional benefit options and greater flexibility. I commend the bill to the House.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.43 p.m.)—in reply—I am particularly pleased to sum up the second reading debate on the *Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002*. I want to place on the record our thanks to the member for Canning, who has just spoken, and the member for Werriwa, who also contributed. It is noted that the member for Kennedy, who was listed to speak, did not arrive in the chamber.

This bill includes a range of changes to the superannuation arrangements for Commonwealth employees and their families.

These amendments will give additional benefit options to members who must leave the Commonwealth Superannuation Scheme because of the sale of an asset or outsourcing and will also allow scheme members to provide for additional reversionary benefits for their eligible spouses and children.

The changes will give scheme members the opportunity to consolidate certain other superannuation amounts with their CSS entitlements. They will also provide other flexibilities to scheme members and will make a number of changes to simplify the provisions of the CSS. Where appropriate, it is proposed that similar changes will be made to the Public Sector Superannuation Scheme through a trust deed amending the rules of that scheme. I thank the House and urge it to support this important bill.

Question agreed to.

Bill read a second time.

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

### Consideration in Detail

Bill—by leave—taken as a whole.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.46 p.m.)—by leave—I present a supplementary explanatory memorandum and move government amendments (1) and (2):

(1) Clause 2, page 3 (table item 21, column 1), omit “Schedule 4, and Schedule 5 items 1 and 2”, substitute “Schedule 5, items 1 and 2”.

(2) Schedule 4, page 93 (line 1) to page 97 (line 24), omit the Schedule.

The amendments to the *Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002* proposed by the government will remove schedule 4 to the bill and make a consequential change to clause 2, which is the commencement provision. The purpose of the amendments is to allow the provisions of the bill that deal with the Parliamentary Contributory Superannuation Act 1948 to be set aside for the time being. I urge that the amendments be supported.

Question agreed to.

Bill, as amended, agreed to.

### Third Reading

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.47 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### BUSINESS

#### Rearrangement

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.48 p.m.)—by leave—I move:

That consideration of government business orders of the day No. 5, Bankruptcy Legislation Amendment Bill 2002, and No. 6, Bankruptcy (Estate Charges) Amendment Bill 2002, be postponed until a later hour this day.

Question agreed to.

### WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) BILL 2002

#### Second Reading

Debate resumed from 20 February, on motion by **Mr Abbott**:

That this bill be now read a second time.

**Mr McCLELLAND** (Barton) (12.49 p.m.)—Essentially, this bill is a non-issue when there is a whole range of important issues for us to consider in this House. Important matters that we could be debating are economic management, the area of industrial relations and the steps that can be taken in a constructive sense to encourage workers and employers to work in partnership to develop our workplace frameworks to be as efficient and inclusive as they can be so that all employees share in the benefits of economic growth. Instead, we are debating a non-issue, something the government has described—misleadingly, I might say, in the title of the legislation—as the **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002**. I will say something about the title a little later on.

The reason I say that it is a non-issue is that, as the minister acknowledged in his second reading speech, on 14 November last year, in the decision of *Electrolux Home Products v. AWU*, Justice Merkel in the Federal Court of Australia ruled that a union could not take protected action in pursuit of a demand for a bargaining service fee being charged to nonmembers. The court held that it was not an industrial matter or, rather, a matter that pertained to the relations between employer and employee. Instead, the court held that it pertained to the relationship between an employee and a trade union and not to that between an employee and an employer. Indeed, Justice Merkel followed two High Court cases—the case of *Portus* and the case of *Alcan*—in coming to that conclusion. So the current law is that these demands for a bargaining service fee cannot be included in a list of demands if the union wants to take protected action. Likewise, as a result of the determination that these provisions are not an industrial matter, they are void and unenforceable.

That is quite clear, because any decision of an administrative body—the Australian Industrial Relations Commission is such an administrative body—that exceeds its jurisdiction is unenforceable. The commission, as a result of the Federal Court case, does not have jurisdiction to make or approve an agreement that includes a bargaining service fee, because it is not an industrial matter. For the record, that was confirmed in another High Court case: *CFMEU v. Australian Industrial Relations Commission*, in which the High Court of Australia put it in these terms:

To the extent that an agreement provides in a manner that exceeds what is permitted either by the Constitution or by the legislation which gives the agreement effect as an award, it cannot operate with that effect.

If an agreement that includes that provision, yes the provision remains within the agreement but, as the High Court said, it cannot operate with that effect. We are debating a non-issue because the state of law at the current time is precisely that which the government desires. Yes, there is an appeal, and that appeal is to be heard on 27 and 28 May, but surely we would adopt the normal prac-

tices of the parliament: it is only in exceptional circumstances that we would intrude upon the private litigation process. Indeed, the court itself on appeal is likely to make some findings that will provide guidance not only to the parliament but also to participants in industrial relations as to what is the effect of a bargaining period if it is based on a demand which is otherwise sound, save insofar as it includes a claim or a provision which is beyond the power of the commission to grant. That is a very important issue, one would think, to have resolved, and it is important to have it resolved by the Federal Court of Australia. If this legislation were passed, it would effectively thwart the purpose of that decision, and one would imagine that the parties would simply find it necessary to discontinue, despite considerable expense clearly being incurred up to this time. In other words, aside from the substance of the issues that we are considering, it is quite inappropriate to seek to intrude upon that litigation process as this bill does.

It has been asked whether, if these provisions remain in a certified agreement, despite being inoperative, they are nonetheless enforceable under some sort of common law agreement. The answer to that is clearly no, the reason being that a certified agreement containing such a provision has been found to be an agreement between a trade union and an employer, whereas what the union would be seeking to enforce in reliance on these inoperative provisions would be a payment from an individual. In other words, there is no contract between the individual and the union, and hence again a union could not recover under any provision of law a payment from an individual employee in pursuance of one of these clauses.

I say all that to emphasise once again to all concerned that we are here debating a non-issue. Why are we here debating the issue at all? I note that there are a number of members on the speakers list. We will come back to my first point: we are here because of the message contained in the title to the bill, and that is the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill. We have heard the government's Orwellian-speak in industrial rela-

tions. We have seen the 'more jobs, better pay' bill, to use their rhetoric; we have seen the 'fair dismissal' bill and the 'fair termination' bill, both of which ironically permit dismissal and termination without remedy; and we are now seeing a bill with the title 'compulsory union fees'. That fits into the government's propaganda quite nicely, I suppose, but nowhere in the bill is there the phrase 'compulsory union fees'. Indeed, the bill speaks of bargaining service fees. Moreover, the definition of 'bargaining service fee' in the bill specifically excludes union membership dues. Again, while the title may serve the purposes of political rhetoric, it is not an accurate description of the bill. In our submission, as we have said, to use titles of legislation for political purposes demeans the purpose of this chamber.

The other point I want to emphasise is that the bill, in the way it is framed and in the minister's argument in the presentation of the bill, tries to create the impression the unions are imposing these bargaining fees against the will of employees. In response to that, it is necessary to look at how enterprise agreements are made. The minister will acknowledge that before an enterprise agreement is made, these provisions having been included in enterprise agreements, all employees must have ready access to the agreement for 14 days and the employer must take steps to ensure that its terms are explained to all employees. Then there is the requirement that the agreement be voted on, and it cannot be certified unless a valid majority of employees have genuinely agreed to it. The practices of the commission ensure that that occurs. For instance, there is the decision in Toys 'R' Us (Australia) in which Vice-President Ross explained the operation of those provisions and the effect of majority vote and said:

In my view the requirement that a majority of employees 'genuinely agreed' to be bound by the agreement implies that the consent of the employees was informed and there was an absence of coercion.

That is the interpretation that has been applied to section 170LE by the commission in requiring that evidence of informed approval by a majority of employees in the absence of coercion before it will certify an agree-

ment—to use a synonym for ‘coercion’, the absence of compulsion. Coming back to the title of the bill, which talks about compulsory union dues, to achieve a clause in a certified agreement it is necessary for it to be supported by a majority of workers in an enterprise, in the absence of compulsion. Again, it is quite misleading to misrepresent the reality, as this title does.

But I should say that the issue of bargaining service fees is a controversial issue within the union movement itself, and within the broader labour movement, as to whether or not they are desirable. I would readily concede that there are arguments that go both ways, but the position of the government is that they have to be consistent on this—they cannot have it both ways. I think the government would find it quite unacceptable—as the Labor Party would—to have members-only agreements. That is the situation that applies in New Zealand, for instance, under the Employment Relations Act 2000. Section 56 says that a collective agreement can only bind employees who are obviously employed in the establishment and, in addition, ‘who are or become members’ of a trade union.

The situation that applies in New Zealand is completely contrary to the ethos that has developed in Australia whereby we do not like having workers in the same establishment working side by side under competing terms and conditions of employment. That obviously cannot be conducive to morale and it would result in ongoing struggle as to whether someone was or was not a member of a union. The dynamics would work both ways. In the case of an industry or enterprise where there was a history of strong unionisation, it is fair to say that a union would probably have an upper hand in terms of additional benefits that it could extract over and above those offered to employees who were not members of the union. Equally, if it were an industry or an establishment in which there were relatively weak representation by a trade union, an employer would presumably have the upper hand in offering benefits to employees that exceeded those contained in an enterprise agreement for purposes—even if not stated—that included inducing people not to belong to a trade union or con-

veying the impression that there was no need to belong because they were offering superior conditions to those people who were nonmembers.

That is a culture, quite frankly, that is not conducive to developing a partnership approach in workplaces where employees are committed to enhancing the productivity of the workplace for the benefit of all. In our view it would entrench this challenge, that unfortunately has infected so many workplaces, of this tension between those who are or who are not in unions. The government cannot have it both ways, and they certainly do oppose members-only agreements. Indeed, the Employment Advocate—I think it was on 8 March this year—applied to the Federal Court seeking the removal from several certified agreements of a clause which provided insurance for union members only. Indeed, the Employment Advocate said in his media release that he:

... views this provision as contrary to the act because it extends the benefit of insurance cover to employees who are union members instead of all employees.

Again, the logic has to be consistent. If we accept that non-union members should benefit from collective outcomes negotiated by unions, we are entitled to ask whether the government’s approach is consistent with that opposition to members-only agreements. That is a significant issue and a significant question regarding the consistency of logic.

The thrust and intention of the government in moving this legislation is seen in other provisions of the bill which are effectively attempting to outlaw intimidatory conduct or victimisation in the recovery of union dues. Any union who attempted to engage in those tactics would be, aside from being reprehensible, absolutely stupid because there would be nothing that would turn a person away from trade unionism more than such conduct. It is like the famous question that a cross-examiner asked the witness: ‘When did you stop beating your wife, Mr Smith?’ There is no evidence of the beating having occurred but to merely state the proposition is to convey the imputation that the conduct has occurred. That is very much what these provisions of the bill are intended to convey,

and that is unnecessary. The provisions will have political effect from the point of view of assisting rhetoric but are lacking in substance.

**Mr Abbott**—So, Rob, you do not think victimisation ever does take place?

**Mr McCLELLAND**—To answer the minister, there is clearly evidence of victimisation that takes place, which the Labor Party and the broader labour movement do not tolerate or support. But we are talking about it in the context of attempting to obtain non-member contributions, and I do not think there has been evidence that suggested that that has been the case in respect of these instances where agreements have been certified to apply to particular establishments. We would certainly welcome any evidence of that having occurred at any establishment where these agreements have been applied through the certification process. Again, the language is all about the political message rather than the substance. I note, for instance, in his second reading speech, the minister said:

The bill will not prevent people making voluntary contributions, provided there is no coercion or misrepresentative conduct. The bill will prevent demands for coercive, non-consensual fees that are contrary to rights to freedom of association.

In terms of a broad statement, that is okay; but the provisions of the bill are quite inconsistent with that. For instance, the bill makes it an offence to demand a bargaining service fee, and 'demand' is defined so broadly as to include:

- (a) purport to demand; and
- (b) have the effect of demanding; and
- (c) purport to have the effect of demanding.

Where does a line between request and demand come in that does not have the effect of purporting to have the effect of demanding? There is an inconsistency in those provisions.

I have indicated that the issue of non-member bargaining service fees is a controversial issue within the trade union movement; but I would say that there are a range of services which unions can and, indeed, legitimately do provide to members and nonmembers alike. The structure of the leg-

islation does not necessarily preclude those services being provided other than in this area—because 'bargaining services', as defined in this bill, is confined to an agreement under part VIB—that is, a collective agreement. It does not apply, for instance, to the situation where an employee nominates a union to act as an agent in respect of an Australian workplace agreement. Nor does it apply, on my reading to, for instance, a situation where a union may come in to represent a nonmember in respect of a dispute resolution procedure under the act. Clearly, trade unions do have, by virtue of their experience and the training of officers, the skills to represent employees generally, whether they be members or nonmembers. Again, I do not think we have thought through just those circumstances in which unions can have a legitimate role in that representation and actually contribute to healthy workplace practices.

There is an absence of detailed analysis by both sides in this debate. Firstly, all sides of the debate must realise that these union bargaining fees are a non issue, because the Federal Court has decided they are inoperative. Yes, that is subject to an appeal; but the law remains as it is, pending the outcome of that appeal. Trade unions need to acknowledge that. The trade unions also need to acknowledge the point that I made earlier that, because there is no contract between the union and the non-union employee, there are all kinds of difficulties in attempting to enforce or obtain payment pursuant to a bargaining service fee clause contained in an enterprise agreement—again, because the agreement is between the union and the employer; not between the union and the individual employee. That is something that trade unions also need to have a look at.

It is traditionally advanced in favour of bargaining service fees that these provisions exist in a number of countries: examples include Canada, South Africa and the USA, as well as a number of other European countries—I think Spain, for instance. My analysis of all those countries is that they have strict provisions regulating the application and the collection of those fees. For instance, in the United States, the funds raised from

agency fees must be related only to the workplace specific expenditure—by definition, they must be lower than the overall membership fee.

There must be a strict division between moneys which are expended generally by unions as part of their overall industrial and political campaigning and those which are advanced in respect of the particular enterprise. For instance, enterprise agreement administration will be permissible; handling grievances arising out of the enterprise agreement will be covered by the payments as being workplace specific items. However, the courts have said that spending those funds on other activities, such as general organising, lobbying or general industrial campaigns, is an impermissible expenditure. The other aspect of the regulation in the United States, for instance, is that unions are required to keep a strict differential accounting system in respect of the funds obtained from membership dues and the funds obtained from nonmember payments.

These are all significant administrative burdens that are required in the case of trade unions that receive nonmember contributions, and it is important that those who advocate nonmember fees for trade unions are alive to these complications. Indeed, nonmembers have been given the right to demand that financial information and to insist on a strict itemisation of how their funds have been expended. There are also a number of decisions that have imposed very strict wording on just how these nonmember service fee clauses are framed.

In other words, I think it is necessary for all parties involved in this debate to take stock of the situation in terms of the current law in Australia, as will be determined by the full court of the Federal Court after the hearing which takes place later this month. They should look at issues such as the appropriate parameters of union representation in workplaces—of members and nonmembers—and should also, from the union perspective, look at what complications are involved if they are obtaining money ‘on trust’ for the provision of a service. These are complications.

In summary: quite frankly, I think that both sides of the debate need a bit more factual information—indeed, I think they need a bit more objective analysis of these issues and these complications. Again, I emphasise that this issue is a non issue because of the decision of the Federal Court of Australia. There are reasons to allow the appellate process to take its course: it will assist all participants in industrial relations through its analysis of the issues. Going back to where I started, this is essentially a bill to advance the government’s political rhetoric but it does nothing to advance a constructive agenda in industrial relations. I move:

“this House declines to give the Bill a second reading and:

- (1) condemns the government for:
  - (a) attempting to pre-empt a decision of the Full Court of the Federal Court of Australia concerning the issue of whether bargaining fees ‘pertain to the relationship of employer and employee’;
  - (b) introducing legislation which unreasonably restrains the ability of parties in the workplace to voluntarily enter into service agreements concerning industrial representation and advocacy;
  - (c) introducing legislation which is primarily designed to discourage workplace organisation rather than to facilitate agreement-making; and
- (2) confirms that it is appropriate that the House await the decision of the Federal Court prior to legislating in this area”.

**The DEPUTY SPEAKER (Hon. B.C. Scott)**—Is the amendment seconded?

**Mrs Irwin**—I second the amendment.

**Mr SCHULTZ (Hume)** (1.18 p.m.)—As a former union official, a former meatworker and a former manager of meatworks, I am always intrigued to see somebody with a legal background get up here and talk to the parliament about what workers should and should not be doing and what their rights are. Having said that, I am very privileged to be given the opportunity to speak on the **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002**. The bill addresses attempts by trade unions to coerce



non-union employees into joining a union by demanding that they as non-unionists pay a service fee for union participation in agreement negotiations in their workplace without the consent or solicitation of the employee. Not only is the demand coercive to the extreme, it is designed to significantly punish the non-unionist financially by extracting from that worker a payment in excess of an average annual union membership fee of \$500 in the majority of cases.

Not only does the ACTU, including its significant former executive who sit in this place, support unions pursuing this gun-at-head, intimidatory approach to compulsory union membership in collective agreements, in an attempt to give the process credibility, but it does so in an environment where the majority employee vote is used to coerce non-union members to either pay the fee or join the union, therefore compromising their right to freedom of association. The ALP's most recent industrial relations policy is silent on the issue to the extent that, whilst no ALP spokesman has publicly repudiated the ACTU policy, the opposition spokesman, the member for Barton, has indicated that before he felt comfortable with the concept he would want to know why unions are unable to recruit members. The member for Hunter has reacted to his wife's right to vote in ALP matters on the basis that she is not a member of the trade union of her calling. She is effectively protesting that her right to free association is being removed.

Trade union security—that is, the right to organise, to recruit members, to develop collective bargaining policy and to act as the sole bargainer on behalf of workers—has been regarded as the key to trade union survival, and the issue has been at the centre of vicious industrial disputes. As a former meatworker and meatworks manager, I am well qualified to comment on the bloody-minded, vicious industrial disputes in the meat processing industry and can attest to the considerable abuses of my right to work, and to the closed shop mentality of union officials. I have personally experienced the 'no ticket, no start' mentality of the pre-entry, closed shop union workplace, both as a worker and as a staff member, and I am well

versed in the way in which this system of compulsory union membership created considerable pressure on employers to maintain a working environment free from industrial dispute.

In other words, during my considerable period in the meat processing industry, the pre-entry closed shop enforced arrangement between a union and an employer not only made employment in an abattoir conditional upon a new employee being a union member but also ensured that compulsory union membership gave the trade union movement security and the employer a false sense of industrial security. Nothing was more obnoxious to me than to see a company I was working for meekly succumbing to union pressure by having its paymaster collecting union dues from its employees on behalf of the union.

Part 9 of the Liberal Party's 2001 election policy 'Choice and reward in a changing workplace' stated:

*Keeping union membership voluntary.*

Employees in Australia now have the basic right to choose whether to join or not to join a trade union, and to exercise that choice free of coercion or duress.

Indirect interference or discrimination with these rights, such as requiring non unionists to pay compulsory bargaining fees to trade unions should be outlawed.

The Coalition will:

Legislate to prohibit trade unions involved in workplace bargaining from imposing a compulsory \$500 per year fee on non union employees.

The coalition's previous workplace relations policy *More Jobs Better Pay* (1998) also made reference to curbing practices which might encourage the closed shop. Coalition senators delivered the majority report titled *Provisions of the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001*. The then DEWRSB—now the Department of Employment and Workplace Relations—in its submission to the Senate employment committee's inquiry into the *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001* included the following points. Firstly, compulsory union fees are often claimed to be justified on the

grounds that they represent a 'user pays' or 'mutual obligation' approach to service delivery consistent with other areas of public policy. In fact, compulsory union fees represent an indirect means of promoting union membership.

Secondly, given that the fees are typically imposed via the operation of a concluded and certified agreement, payment of the fee after the event would not result in the provision of services to the individual. In many cases, compulsory union fees are set in excess of union membership fees. The VPA—the Victorian Police Association—proposal to impose a \$750 bargaining agent's fee, when annual dues for membership of the association are set at approximately \$420, is a good example of this tendency and highlights the coercive impact that fees may have.

Thirdly, the compulsory union fees in the ETU agreements are a further example. Vice-President McIntyre recognised the intent of such clauses was to 'persuade new employees to join, or to coerce new employees into joining, the ETU' when he found that, for technical reasons, he was unable to remove the bargaining agent's fee clause as an objectionable provision under section 298Z.

Fourthly, the 'mutual obligation' analogy for compulsory union fees is not appropriate because a key element of the government's approach to implementing the principle of mutual obligation through the delivery of programs, such as Work for the Dole, is that individuals only incur obligations where they consent to receiving the services delivered. The imposition of compulsory union fees through a clause in a certified agreement is not consistent with this requirement of individual consent.

Fifthly, the 'user pays' analogy meets similar objections—users can only be required to pay for services they have requested or consented to receive. The government believes that the industrial associations should be subject to the same standards as ordinary businesses, which are prevented by fair trading legislation from providing unrequested services and then demanding payment for those services.

Sixthly, although federal legislation in the United States makes provision for agency shops, it also permits such arrangements to be made unlawful by state law. 'Right to work' legislation that overrides the federal legislation and makes the enforcement of agency shops illegal has been enacted in 21 state jurisdictions. Right to work legislation takes precedence over union security legislation and prevents employees from being dismissed because they refuse to join or pay fees to a union.

This bill will prohibit trade unions involved in workplace bargaining from imposing a compulsory fee on non-union employees. It will provide that any bargaining fee clauses in certified agreements are void, it will give the Australian Industrial Relations Commission the power to remove such clauses on application by the Employment Advocate, and it will prevent the commission from certifying agreements which contain such clauses. The bill will not prevent people from making voluntary contributions, provided there is no coercive or misrepresentative conduct. One would have thought, given the dramatic decline in union membership over the past 15 years, this would have been a sensible option.

I refer now to an article by Mark Paterson in the *Sydney Morning Herald* on Wednesday, 14 February 2001, which quite elegantly sums up the situation. It is headed:

Union 'service fee' just another name for closed shop

The article states:

A ruling this week by the Australian Industrial Relations Commission opens the door to compulsory unionism. The IRC has held that enterprise agreements can require employees to pay unions a service fee for negotiating improved pay rises or conditions, even though those employees are *not* members of the union.

Such a clause is contrary to the spirit of Federal industrial laws, which allow employees to choose whether to join unions.

The terms of the Workplace Relations Act in this area are tortuous and the law is by no means straightforward. However, in this case the "service fee" was \$500 a year, and the commission noted that this was "substantially more than the ETU [Electrical Trades Union] membership fee".

This service fee is compulsory because the agreements provide: "The relevant employee to which this clause shall apply shall pay the 'bargaining agent's fee' to the ETU." So there is a clear incentive to join the union and avoid the service fee, which is higher than the union dues.

Few people would be comfortable with allowing ordinary working Australians to be placed under such pressure to join unions. If a union provides good service, it will attract members. Coercion should have no place. But unions, facing the challenge of falling membership, have adopted the strategy of seeking such clauses in agreements to force people to join.

In the past, unions have forced employers to sign agreements which included standard "preference to unionists" clauses—

I divert from this quotation to give you an illustration of what that is talking about. I have here with me a log of claims by the CEPU, the Communications Electrical Plumbing Union, which was faxed to a constituent of mine on 20 April this year. Under section 3, which is headed 'Preference', subsections 3.1 and 3.2 say:

The employer shall give absolute preference of employment to financial members of the Union, and require every employee to become and remain a financial member of the Union.

Where there is a conflict between the interests of Union members and non members regarding preferred dates for leave, short term higher duties, redeployment or relocation, transfer and promotion, or any other matter affecting conditions of employment, the employer shall give absolute preference to Union members.

Let me now go on with the rest of the newspaper article:

When those clauses became unlawful in 1997, unions turned their minds to ways of avoiding the clear intention of the legislation, and now they have obtained a commission ruling that this sort of compulsory unionism by the back door is lawful.

The ruling may yet be appealed and it is possible such an appeal may come to a different view on the law. Alternatively, it is possible that the legislation requires an overhaul to clear up any confusion.

Either way, something must be done to end unfair pressure on ordinary working men and women.

Unions will no doubt argue that those who benefit from an enterprise agreement should not

be "free riders" but should contribute to the union that negotiated it.

However, 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.

If unions can't succeed in the basis of their services, they should look at those services. Are they really doing their job? Are employees unhappy with the way unions go about their business? Unions, like all service providers, have to earn their clients. They should not rely on artificial or unfair props.

I totally agree with that well researched and written article by Mark Paterson in the *Sydney Morning Herald*.

I want to take this opportunity to illustrate to the House another incident from more recently this year. A cherry grower in the Young township wrote to me outlining the considerable pressure that he received from the Australian Workers Union. I will of course keep the person's name out of the parliament. I will not disclose that person's name, because I am well aware of the intimidatory and bully type tactics that occur when these people speak out. The letter says:

Alby,

A short brief on what has happened in Young regarding the AWU and its tactics used. As you were aware the AWU came to Young in November last year pushing an agreement between them and the growers without any consultation. They threatened growers who they believed were members of the NSW Farmers (who they claimed had advised growers to use the Federal pastoral award which to my knowledge no grower is using) and who they thought were the industry leaders. Threats included full book inspections, OH&S inspections, tax and Superannuation inspections. Police were even brought to one orchard in Young. The Union had a change of heart and left Young saying during the harvest was a bad time and they will come back at the completion of our harvest.

At the completion of the cherry season I went to Orange to see growers there and how their season was going. I was greeted with how the growers in Young and in particular myself were not popular with the union. I was told the unions comment to the growers in Orange was they were not going to

touch Orange until they break Young and they were out to get and bring down a couple of growers in Young.

To date growers in Young have in the last 2 seasons have had book inspections, OH&S inspections, Immigration inspections, Superannuation audits and now full book inspections dating back to July 1996 to February 2002. Our only crime is that we employ people and the people we employ do not wish to be a part of the union and for doing this we are subject to this harassment and added costs of defending ourselves. We are also in the position where our employees who are not members of the union do not wish to have their records given to the union for inspection they believe it is their private information and should not be available to anyone.

I do realise that these matters are of a state concern and is under the industrial relations act but there are growers who do have federal certified agreements in place now and are covered by the work place relations act.

That is the type of bullyboy tactic used by thugs from unions such as the AWU on employers and employees in the electorate of Hume, which I represent. It is the type of thuggery that I have experienced personally in my years as a meatworker and as a meatworks manager, and I can assure you that I am not going to tolerate it. Decent people will not tolerate it. I commend this bill to the House for what it is trying to do to ensure that the freedom of association that all men and women living in a democratic society should have is available to those men and women, and that they are not intimidated by those sorts of gangsterish, bullyboy tactics by trade union officials.

**Mrs IRWIN (Fowler)** (1.36 p.m.)—The *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002* is another example of the government's attempts at creative writing. We have seen some good examples of this in recent times. For a start, we have a government that could not mention the phrase 'GST', so that legislation became 'A New Tax System' or ANTS. Call it anything, but do not mention the GST! Then of course we had the unfair dismissals bill; that was renamed the *Workplace Relations Amendment (Fair Termination) Bill 2002*. I can imagine the set-up in the minister's office when any new legislation comes along: the staff sit around after a

few glasses of red wine and brainstorm a catchy title for the bill. When they think they have got something good, they run it past a few focus groups to see how it goes down. They must have been working overtime on this bill. Here we have a bill which would prohibit a union from seeking payment of a fee for providing a bargaining service to non-union members. By using the creative writing talents of the minister's office, we have a bill titled *Workplace Relations Amendment (Prohibition of Compulsory Union Fees)*. Talk about misleading advertising! It is a wonder that the ACCC has not had something to say about it.

I thought I would try the same thing to come up with an appropriate title for this bill, so I got my own focus group together, and the title they came up with was the 'Bludgers Protection Bill'. The term 'bludger' is one that is well known to most Australians and one that members of this government are happy to use when referring to people who are unemployed. They are happy to use the term 'dole bludger'; they are happy to apply that term to the many people who through no fault of their own are unable to work; and they are happy to suggest that being a bludger is unAustralian. When we look at the definition of 'to bludge', the *Australian Oxford Dictionary* tells us that it means 'to shirk responsibility'. And that is exactly what this bill encourages people to do. It has nothing to do with compulsory union membership; it has nothing to do with people being forced to become members of a union, as its title suggests. It is simply a way of encouraging workers to shirk their responsibility, to bludge on their mates.

Looking at what this bill actually does, it would prevent the Australian Industrial Relations Commission from certifying or varying an agreement containing a bargaining fee clause and allow it to remove such a clause from a certified agreement. It would deem a bargaining fee clause in an agreement to be void. It would prohibit employers taking action against a person who refuses to pay a bargaining fee. And it would prohibit unions from demanding or taking industrial action or making misleading representations about bargaining fees. The effect of these measures

would be to make it difficult for a union to obtain any contribution towards the cost of negotiating a certified agreement from non-members. So who gets to meet the cost of negotiating an agreement? The union members do.

To take an example, say that you had a work force with 100 employees. Let us say that 70 of those employees are members of the union. You would find that the union to which those members paid their fees would meet the full cost of bargaining on behalf of all 100 employees, and you would find that it was the union members who gave up their spare time to participate in the bargaining process and in the running of the union. One hundred workers benefit from the outcome of the bargaining, but only 70 workers are prepared to pay for the cost of the bargaining. Is that fair? Of course it is not. What we have is a situation where 30 of the workers are getting a free ride. They are shirking their responsibility; they are bludging on their mates.

When our industrial relations system was based on award payments which applied across a whole industry, the cost of negotiating and setting wages and conditions was spread over the whole of the union membership in that industry. The cost to the union member was not small, but it was affordable. Commonsense, as well as economists, told them that the cost of union membership was far outweighed by the benefits they received in higher wages and better working conditions than they would have had without a union. Unions have always been reasonable when dealing with hardship, when it comes to meeting the cost of union dues.

If I might bore the House for a few minutes, I will tell of my own experience in dealing with workers who found it hard to meet their fees and those who, for other reasons, did not wish to pay their fees to the union. My experience with this goes back to my first paid union job when I was a wee lass back in 1968, with the sheet metal workers union—or the Sheet Metal Working Agricultural Implement and Stove Making Industrial Union of Australia, to give its full title, or the ‘sheeties’, as we all knew it. My first job with the sheeties was recording the

payments of each member and making sure that they remained financial. We of course did not have computers in those days, so we recorded each member’s details on a Kalamazoo system. Most union fees were collected by union organisers or by shop stewards, and the money was passed on to the union office. The payments were then recorded on each member’s card.

The small number of clerical staff often took calls from members who could not pay their arrears. Even in what was regarded as a fairly militant union, the attitude of the union secretary was one of understanding. The secretary, Tom Wright, was a card-carrying Communist. He had built the union from the ground up. In the early days, he travelled the state on an all-lines ticket, and often slept in country railway stations to save money while he recruited members. Someone who has done that does not risk losing members by not being flexible when it comes to hardship cases, and Tom Wright did not waste a penny of the union members’ fund either. He kept personal control of the stationery cabinet. I can remember when a ballpoint pen of mine ran out and I wanted to replace it: I actually had to take it to Tom, who checked that it was not working and, when it was not, gave me a new one.

When it came to dealing with hardship cases or conscientious objectors, we all knew that, when you took the case to Tom Wright, nine times out of 10 he would approve an arrangement that suited the member. The union’s policy for dealing with conscientious objectors allowed for nonmembers to pay to a charity the equivalent of their union fees; and, again, nine out of 10 cases were approved. The idea behind that arrangement was always that, as workers in the industry, nonmembers received the benefit of the union’s work and so it was only fair that nonmembers should make a similar sacrifice to that of the members who paid for the union to work on behalf of all workers within the industry. It was only fair. Anything less would be bludging on your mates.

The trade union movement and the whole field of industrial relations have come a long way since the time I have just referred to. I do not want to suggest that we should return

to those days. But what is still the same is the question of how to fairly spread the cost of bargaining over all those who benefit from it. The issue of freeloaders is by no means unique to workplace relations. In many parts of the community there are instances of groups with a collective goal which benefits everyone in the groups, but not all members make an equal contribution. One example that I am sure many members opposite will have come across, and one that I see each Christmas, is the dilemma faced by the local chamber of commerce. The chamber spends thousands of dollars on Christmas decorations and events, but fewer than half of the local businesses belong to the chamber. All businesses benefit but not all contribute. There has been talk of trying to get the local council to pay a compulsory levy and there have been threats not to put up bunting outside certain shops; but, in the end, the chamber foots the bill, even though nonmembers benefit. It is another case of bludging on your mates.

Like the chamber of commerce experience, in this day and age recruiting union membership is not an easy task. If you talk to service clubs in any electorate you will hear the same complaint about how difficult it is to get people to participate in community affairs. Everyone expects the benefits of collective action, but fewer people are prepared to make a personal contribution to achieve the goals.

As I mentioned earlier, the cost of negotiating enterprise agreements is not small, and where a large proportion of employees are not union members the cost must be borne by the union in a disproportionate way. There is another side of the coin in workplace relations, and that is the employer. As we know, many—but far from all—employers are members of employer associations. Membership and services are not based on a single fee, as is the case for unions, and many employers also get a free ride by simply matching industry standards in wages and conditions. In fact, to go back to the days when I was working for a trade union, one of the most frequent inquiries we had at the union office was from employers inquiring about award rates and conditions. We usually

gave out that information quite freely, if only to make sure that employers complied with the award. But, when we asked why they did not contact the employer group, they answered that they would have been charged for that advice—and that situation still applies today.

On one side you have trade unions that charge a fixed annual fee for union membership which provides for union assistance in bargaining with the member's employer. On the other side you have an employer organisation having a sliding scale of membership fees and providing bargaining assistance on a fee-for-service basis—and that is what I believe is behind this bill. Here we have a government determined to tip the balance in wage bargaining in favour of employers. With declining union membership and the inability to seek a contribution from non-union members, workers have less strength in the bargaining process.

It is worth noting that countries such as the USA, Canada and South Africa allow bargaining fees, so they are not unusual. As I mentioned earlier, the cost of enterprise bargaining is greater than that of award determination for both employers and employees. Nonmembers of unions involved in bargaining may feel cheated if the fee for bargaining is greater than the cost of union membership. But this assumes that the cost of conducting bargaining is the same for each member. And the cost for negotiating an agreement may not be incurred every year, so it could be a lot cheaper than paying annual union fees.

In most workplace arrangements there are hidden fees, such as the cost of recruitment. In most Australian states it is illegal for an employment agency to charge the employee for finding them a job. But the agency is free to charge the employer, and the cost of that service becomes part of the cost of labour for that employer. The fees charged by employment agencies vary greatly and are usually dependent upon the salary of the position being filled. But most agencies have a minimum fee of close to \$1,000 for each employee. Even for Job Network providers there is a minimum fee of around \$700 for recruitment services.

That should give us some idea of the costs involved in bargaining. Given that level of costs, you can see that union fees of around \$400 a year are not out of proportion, especially when unions offer other benefits as well. But \$400 is a lot of money. So the issue of unions recovering bargaining fees from non-union members is a complex one. Unions have limited ability to chase nonmembers for the costs incurred on their behalf, and other means of recovering the costs present practical difficulties.

The bill, however, does nothing to help the situation. It simply tries to tip the balance in workplace bargaining in favour of employers. In fact, it seeks to enshrine in legislation the practice of bludging on your mates. This issue deserves to be given a lot more consideration than this government has shown by introducing this legislation. It is in everyone's best interest if negotiations for workplace agreements were conducted in a professional manner, with both sides fully informed about the market value of the price of labour.

The use of representatives by entertainers and other professionals to negotiate employment conditions is commonplace. Ordinary workers appreciate that they are at a disadvantage if they do not have full knowledge of market conditions when they try to negotiate their own agreements. The bargaining process is totally lopsided with the employers holding all the cards. They have the expertise and backing of employer groups, while employees have no such help. It is a David and Goliath contest. That is why unions were formed in the first place, but this legislation stacks the deck in favour of employers. Unions will have one arm tied behind their back, and negotiations will become a joke.

Employees will return to the dark old days of going cap in hand to the boss in the hope of getting a fair return for their labour. The smarter ones will stick with their union; others will pay for the services of independent negotiators, but at a much higher price than union dues. Either way, those who simply sit back and enjoy the benefit of the sacrifice of others will be the only ones happy with this bill. They will be encouraged to continue to

shirk their responsibilities but, given the growing level of freeloading in the wider community, the last thing we should be encouraging Australians to do is to bludge on their mates.

**Mr RANDALL (Canning)** (1.54 p.m.)—It is my privilege to speak on the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2002](#). This bill has been introduced to address the hundreds of certified agreements that contain bargaining service fee clauses. In some cases, fees have been set at \$500 a year. It is a figure often well in excess—as we have already heard acknowledged by the other side—of the union dues which would be demanded of workers. These fees that are being demanded by unions of non-union members are a backdoor to compulsory unionism and, therefore, are inconsistent with the freedom of association provisions of the Workplace Relations Act.

I say in the most decisive way that this is just another form of extortion. I am going to be pointing out the case of compulsory union dues in my state of Western Australia as they relate to this bill. It is disgraceful. Western Australia is in a state of anarchy and is currently under siege by the unions where, on building sites all around the CBD, signs say 'No ticket, no start'. What sort of message does that send to the rest of the community? The 'No ticket, no start' signs are in contravention of the laws, yet they still remain there with the support of the state Labor government. In fact, Geoff Gallop, the state Labor Premier of Western Australia, from his office in Governor Stirling Tower, can see these signs all around Perth, and he should feel ashamed that he is allowing this to go unchecked in Western Australia.

This form of extortion has to be stopped. One way that it can be stopped is that people who do not wish to be a member of a union are not charged this so-called service fee. I hear all these bizarre arguments about them getting the rights. That is just like saying that, if somebody goes and negotiates an individual agreement, then everybody else on the work site should get that same agreement and the person who negotiated that agreement can then charge all the other workers on the site a fee for having got himself his



own workplace agreement. How bizarre and how stupid is that!

The Cole royal commission has pointed out quite clearly that compulsory union fees in Western Australia have got out of control. Recently a particular gentleman in Western Australia called Joe McDonald, who is the secretary of the CFMEU and is one of the biggest thugs in the union movement in this country, with a bunch of other thugs, decided to roll up to a work site. They arrived there en masse, surrounded the work site and closed in on the workers—so much for looking after the workers. The biggest myth in this country is that the Labor Party are there for the workers. They are not there for the workers; they are there for themselves. These subcontractors who wanted to get on with the job of building in the CBD in Perth were then herded into a crib room and were locked in by Joe McDonald and his thugs, who started belting into the building, smashing the glass of the crib room, rocking it and trying to tip it upside down with the workers inside until they decided to join the union.

This is not fantasy; this is on the record; this is evidence given to the Cole royal commission. This is the way that the union movement, with the compliance of the Labor Party in Western Australia, go about collecting compulsory union fees from their members. If you think that is freedom of association and that is democracy in this country, you have to think again. That is why we have to make sufficient industrial laws in this country to stop this sort of union thuggery. It is adding to the cost of building and productivity in this country. It is taking away the freedom of association and the freedom of rights of men and women workers in this country. The Labor Party think they support workers, but they are now stopping these people working on these sites. People are not putting money into the construction of buildings in Perth because the add-on costs that the unions demand of their workers are just out of control. The state Labor government under its workplace relations minister, Mr Kobelke, is a very weak sop.

**The SPEAKER**—Order! It being 2.00 p.m., the debate is interrupted in accordance

with standing order 101A. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

#### **MINISTERIAL ARRANGEMENTS**

**Mr HOWARD** (Bennelong—**Prime Minister**) (2.00 p.m.)—I inform the House that the Minister for Immigration and Multicultural and Indigenous Affairs will be absent from question time today and for the remainder of the week. He is visiting the Middle East for further meetings related to the Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime. The Attorney-General will answer questions on his behalf during his absence.

#### **QUESTIONS WITHOUT NOTICE**

##### **Budget: Deficit**

**Mr McMULLAN** (2.00 p.m.)—My question is to the Treasurer. Treasurer, do you recall promising on 17 October last year—that is, after September 11 and after the commitment of our troops to Afghanistan:

We are giving a guarantee that we will keep the Budget in surplus, yes we are.

Treasurer, given that just seven months later you have produced a deficit, why should people ever believe any guarantee from you?

**Mr COSTELLO**—I inform the House that the budget brought down by the government for the next year continues the strong economic management of the coalition government. By the end of the budget year, the government will have repaid \$62 billion of Labor's debt. Can I also say that we believe that fiscal policies should support the Australian economy during a global slowdown. In the course of the last year, the United States went into recession, Japan went into recession, Germany went into recession, Singapore went into recession, Taiwan went into recession and Europe turned down, but the Australian economy was strong and fiscal policy was supportive. One of the reasons it was supportive was through the First Home Owners Scheme, which gave an enormous lift to young home buyers. That kept the Australian economy growing through a period of international downturn.

There are many Australians who are in work who would not have been otherwise.

If the Labor Party are interested in good, strong budget surpluses, they will give an undertaking to vote for all the measures in the budget. I do not think that the Labor Party would be so hypocritical—would they?—to say that they want strong surpluses but they will vote against every measure that is required to get there. I do not think they would try to repeat the tactic they tried in 1996, when they voted against every saving and then said they wanted budget surpluses—I would be very surprised, given the fact that the member for Fraser now says that he is interested in a strong budget. I would like to see him stand up in question time today and say, as evidence of his bona fides, that, because he now really believes in strong budget policy, the Labor Party will give a commitment to vote for all expenditure savings. We are waiting.

#### **Economy: Performance**

**Mr HAWKER** (2.03 p.m.)—My question is also to the Treasurer. In the light of revised budget forecasts, would the Treasurer give the House details of Australia's economic outlook and, furthermore, how these forecasts compare with our recent economic performance.

**Mr COSTELLO**—I thank the honourable member for Wannon for his question. I can report to the House that, in 2001-02, it is expected that the Australian economy will grow by about 3¾ percent, which is the fastest growth of any economy in the G7 or major developed economies of the world. I can also report to the House that it is expected that, in 2002-03, the Australian economy will again grow faster than any of the major developed countries of the world, including the United States, Britain, France, Germany, Japan and the other major economies.

I can inform the member for Wannon that it is expected that, unlike other countries where unemployment is growing, unemployment in Australia will fall. We are forecasting that it will fall to six per cent by June next year. If the Australian economy were to grow at current rates and we were to persist with labour market reform and welfare re-

form—and I believe we should because they are so important—we could even have an unemployment rate below six per cent in a couple of years. Since 1996, the Australian economy has generated over 900,000 new jobs and, at the current rate of job growth, by Christmas Australia could have a million new jobs.

We remember that those who opposed tax reform said that the Australian economy would go into recession as a result of tax reform. We remember they said that unemployment would rise. We remember they said that Australia would turn down as the world turned up. As it was, the world turned down and Australia turned up. I want to give the House an assurance that this government will continue strong economic management, because we want to see more Australians in work. We want to see Australia continue to grow and to lead the world. We want to see Australia as a strong economy with a safe society and with secure borders under good government leadership. That is what the coalition parties in this country stand for.

#### **Budget: Interest Rates**

**Mr CREAN** (2.06 p.m.)—My question is to the Prime Minister. Does the Prime Minister recall telling ABC regional radio just eight months ago that a \$200 million budget deficit would:

... be a bad thing because it puts pressure on interest rates.

Prime Minister, having just produced a deficit significantly in excess of this figure, how much more pressure will that put on interest rates?

**Mr HOWARD**—That is a pretty good question from the \$96 billion government debt man. That is a terrific question. I am absolutely flabbergasted and flattened by that withering debating point, Mr Speaker! As I always do with these things, I will check the record because they always weave a bit in, leave a bit out and distort things. It is a bit like their projections about budget deficits. Remember the 1996 election campaign? I remember it very well. There was no Charter of Budget Honesty then. There was nothing, and they went around and misled people. I can do no better than to remind the Leader of

the Opposition and to remind the House that in a year's time, after the next budget has been in operation, we will have repaid \$62 billion of the \$96 billion of national debt that we inherited.

Can I also remind the House that we now have a government debt to GDP ratio of 4½ per cent. It is 130 per cent, or thereabouts, in Japan. I think, from memory, the OECD average is 50 per cent. It is something like 45 per cent in the United States. It is a minuscule 4½ per cent in this country, and that is the result of the good management of this government—that, more than any other fiscal policy, has taken pressure off interest rates. The Leader of the Opposition, a man who was a member of a government that drove interest rates to Himalayan levels, has got the audacity to stand up here and talk about pressure on interest rates, when a homebuyer had to pay 17 or 18 per cent, a small businessman 19 per cent, a struggling farmer weighed down by the rotten industrial relations policies of the Labor government had to pay 22 or 23 per cent—and you have got the gall to talk about interest rates!

**Budget: Rural and Regional Australia**

**Mr BRUCE SCOTT** (2.10 p.m.)—My question is to the Deputy Prime Minister. Would the minister advise the House of measures in last night's 2002 budget that are of importance to the people of regional and remote Australia? How will regional Australians benefit from these budget initiatives?

**Mr ANDERSON**—I thank the honourable member for his question. Of course, as the Treasurer said—and I congratulate him on his seventh budget—it is a sound and a safe budget. When it comes to interest rates in particular the last thing that rural and regional Australia would want is a return to those interest rates the Prime Minister has just so graphically described. I remember that when I came into this place the interest rates for farmers, when you added in the margins and so forth, had reached the levels of around 25 per cent. We do not want to be back there, nor does rural Australia. That is why, more than anything else, they appreciate a safe and a sound budget.

We have delivered, too, on our commitments—in roads, in aviation, across the portfolios in family, business and aged care in particular. The budget reflects the government's ongoing commitment to regional Australia. There are many programs that have been built up over the years that continue on through this budget. The government will spend \$1.74 billion on roads in 2002-03. That is a near-record amount. It will continue to build the national highway network and roads of national importance. We have recommitted ourselves to a further four years of the Black Spots program—the program which the Labor Party said they would abolish. They were going to give it away despite the fact that it returns an average of \$14 in benefits for every dollar spent, that it has saved a very large number of Australian lives and prevented a very large number of woundings and maimings that otherwise would have happened. It is a very valuable program. We will also deliver in full the \$1.2 billion Roads to Recovery program. Every cent of that will be paid to local government across Australia, across the funding cycle. This is a program that the ALP described relentlessly, when we introduced it, as a boondoggle and to which they have refused to this point in time to commit themselves. It is a valuable program. It will be delivered in full.

The government also continues its support for regional aviation in a number of ways—for example, the exemption of small regional airlines from the en route charges imposed by Airservices Australia. That will save the industry around \$6 million this coming financial year. One small commuter airline—and we know the difficulties they face at the moment—saves \$16,000 a week as a result of that exemption and is able to continue to provide services to the regional communities that depend upon it. We will spend \$7 million, too, in subsidising certain very important regional control towers—Albury, Coffs Harbour, Tamworth, Launceston, Hobart, Mackay, Rockhampton, Jandakot, Parafield. Those aviation control towers help 1.5 million passengers a year move around throughout regional Australia. They are very important.

The regional export businesses are being assisted through an expansion of that excellent program TradeStart. There are already 24 TradeStart offices in regional Australia. There will be an additional \$21½ million spent on adding another 12 offices to this number, including in locations such as Dubbo, Emerald, Bunbury, Geelong, Mildura and Port Lincoln. There are a number of other programs—that is just an illustrative list—that will take the number up substantially across the country.

I could talk for a very long time about the programs of benefit to rural and regional Australia and I would like to do so, but I particularly wanted to congratulate the Minister for Ageing for the commitment that he has shown to older Australians in the regions. There is \$100 million to help small aged care homes in rural and remote areas upgrade their facilities, \$47½ million to train aged care nurses in regional areas, \$80 million to help Australia's 2.3 million carers, including a major commitment to improving respite services for carers in rural and remote areas. This budget reflects our ongoing and very real commitment to the people of regional Australia.

#### **Budget: Deficit**

**Mr McMULLAN** (2.15 p.m.)—My question is to the Prime Minister. Prime Minister, why did you tell the Australian people on the *AM* program today that your \$3 billion budget deficit was caused by higher spending on border protection and weaker revenue?

**Mr Costello**—Not \$3 billion.

**Mr McMULLAN**—Yes, it is actually the accruals basis that you recommend. Prime Minister, isn't it the case that the government spent only an additional \$575 million on border protection and that revenue has actually increased by \$2.5 billion since the election and by \$4.4 billion since the last budget? Prime Minister, why can't you just tell the people the truth?

**The SPEAKER**—The Prime Minister will ignore the last sentence and respond to the question.

**Mr HOWARD**—I am deeply wounded by it, Mr Speaker. To be insulted by him!

**Mr McMullan**—Mr Speaker, I rise on a point of order. By what possible measure is asking the Prime Minister to tell the truth to the people out of order?

**The SPEAKER**—The statement obviously imputed that the Prime Minister was not telling the truth. Under standing order 144, it was therefore ruled out of order.

**Mr Swan**—Mr Speaker, I rise on a point of order. Yesterday you ruled in order remarks by the minister for industrial relations. There is an enormous contradiction between that ruling and the one you have just made. It is entirely in order to ask the Prime Minister to tell the truth under standing order 142.

**The SPEAKER**—I have not ruled the question out of order. The member for Lilley will know that under standing order 144(d), not to mention 144(c), my ruling is entirely valid.

**Mr HOWARD**—The cash figure that was talked about was \$1.2 billion not \$1.3 billion, but I will be charitable. Do you want to talk accruals?

**Mr McMullan**—Yes.

**Mr HOWARD**—Thank you very much! According to the MYEFO, the projected accrual deficit was minus 3.1 and, according to the budget statement last night, it was minus 3. In other words, it actually improved. So much for that searching, devastating and annihilating question from the Treasury spokesman for the opposition!

*Mr Costello interjecting—*

*Mr McMullan interjecting—*

**The SPEAKER**—Both the member for Fraser and the Treasurer know they have an obligation to address—

*Mr McMullan interjecting—*

**The SPEAKER**—If the member for Fraser wishes me to take action while I am on my feet, I will do so.

#### **Budget: Border Protection**

**Mr HAASE** (2.19 p.m.)—My question is addressed to the Attorney-General, representing the Minister for Immigration and Multicultural and Indigenous Affairs. Would the Attorney inform the House of the measures included in last night's budget that will

allow the government to continue sending a strong signal to people smugglers? Attorney, more specifically, what role will the new permanent detention centre on Christmas Island play in maintaining the integrity of Australia's borders?

*Mr Snowden interjecting—*

**The SPEAKER**—Order! The member for Lingiari might remember a little matter about a pot and a kettle!

**Mr WILLIAMS**—I thank the member for Kalgoorlie for his question. Given his vast electorate, with its thousands of kilometres of coastline, his electors have a very real interest in border protection matters. The excellent budget delivered last night by the Treasurer demonstrates quite clearly that the government is determined to maintain the integrity of Australia's borders. It shows that we are committed to running an orderly migration program and to resettling the most vulnerable of refugees who are living in appalling conditions around the world. We are dealing with the problem at its sources, and we are lifting the capacity of transit countries to deal with the issues. We are also continuing to take strong and appropriate measures within Australia.

Christmas Island has been one of the main entry points to Australia for unauthorised arrivals. It has been excised from Australia's migration zone for unauthorised arrivals, so it is an appropriate place to build a detention centre. The development of the centre reinforces the message to people smugglers that mandatory detention is still firm government policy. People smugglers will not be able to deliver what their customers want, which is passage to the Australian mainland. The new permanent facility will provide higher levels of amenity, safety and security for up to 1,200 unauthorised boat arrivals. The facility will be Australia's first purpose built, purpose designed immigration reception and processing centre.

We have already seen the government's policy on border protection bearing fruit. We have not had one boat arrive since December last year yet, 12 months ago, we had almost 2,400 arrive in the equivalent period. We must maintain our vigilance, and we must

continue to make sure that people smugglers know their insidious trade will not succeed. The Christmas Island centre sends that message strongly and clearly—but that is not the message that the Labor Party is sending. On Queensland radio on 5 April, Premier Beattie was unambiguous with his 'not in my backyard' comments. He said:

I have been strongly opposed to these build-ings forever and ever, and everybody knows that.

South Australian Premier, Mike Rann, said on 12 April:

We've told the federal government in no un-certain terms that the new Labor government does not support a second detention centre.

What about today? On Tasmanian radio this morning, Labor Treasurer, David Crean, asked:

Why do they have to spend exactly that amount on border security?

What sort of signal does that send to people smugglers? Certainly, it does not send the message that Labor is serious about border protection or about stopping people-smuggling.

#### **Budget: Measures**

**Mr CREAN** (2.24 p.m.)—My question is to the Prime Minister. Can he confirm that total new spending on defence arising from the budget, above previous projections, is in fact just \$107 million in 2002-03? Can the Prime Minister also confirm that the cuts to the Pharmaceutical Benefits Scheme alone—hitting the chronically ill, like Marion who suffers from lupus and osteoporosis and who called the Steve Price program this morn-ing—amount to nearly \$400 million in that same year? Prime Minister, how can the government justify cutting nearly \$400 mil-lion from the most vulnerable when the de-fence spending is just \$107 million?

**Mr HOWARD**—I will deal with the two aspects of the question. To get a proper measure of the increased commitment of this country to defence, you have to start with the massive increases provided for in the white paper, you have to add the money that was allocated after that was brought down in re-lation to the activities in Afghanistan and elsewhere in the war against terror and you also have to add the additional provisions

that were announced by the Treasurer last night.

Let me go now to the second part of the Leader of the Opposition's question, and that is the question of the changes to the Pharmaceutical Benefits Scheme. Let me say quite directly to the Leader of the Opposition that I think it was the responsible thing for the government to do to begin the process of bringing the cost of what is fundamentally a very good scheme—but nonetheless a scheme that runs the risk of breaking down under its own weight—under control. Anybody who had bothered to look at the projections contained in the Intergenerational Report would know that, unless something is done about the cost of this scheme, it will over time break down and the people who will suffer most are the poor, the vulnerable and the unhealthy in our community.

I simply say to the Leader of the Opposition: you cannot have it both ways—you cannot run around in general and say, 'I'm a responsible economic manager. I'm in favour of responsible Commonwealth expenditure but when it comes to any individual decision I will take the cheapjack, politically opportunistic option of opposing it.' That is fundamentally what the Labor Party have been doing for the last six years. They left us with a deficit of \$10.5 billion a year, they opposed every single attempt by the government to get the deficit back into balance and they then claimed that they would have had an even larger surplus when we got the budget into surplus. When we engaged in some necessary spending last year, they said it was irresponsible.

They said it was irresponsible to spend more money on roads. You go out to rural Australia and tell the people of rural Australia that it was irresponsible to spend more money on roads! They said it was irresponsible to spend more money on salinity. You go out and tell the farmers and the townsfolk of rural Australia about that! They said it was irresponsible to spend more money on defence. They said it was irresponsible to spend more money on the First Home Owners Scheme—something that proved to be absolutely invaluable to the home building industry of Australia and, I might say, proved

to be absolutely invaluable to the revenue streams of all the state Labor governments because it boosted their stamp duty receipts. In a state like Victoria where they are not indexed, they are absolutely rolling in money, yet I heard Steve Bracks on the radio this morning saying, 'The Commonwealth should do this and the Commonwealth should do that.' He never discloses that Victoria is absolutely rolling in money as a result of the burgeoning stamp duty revenues.

Nobody likes increasing the cost of anything—of any pharmaceutical—but we have a situation where we have a fundamentally good scheme, but something must be done about controlling its cost. That is the responsible thing to do, and that is what we are doing. The irresponsible thing to do is to run around and say, 'I'm a budget balancer, I'm somebody who believes in strong economic management but, if you actually put the squeeze on me and ask me to support something that controls cost, don't expect me to do that. I'm the leader of the Australian Labor Party, and we have an absolute licence to say one thing and do something completely different.' That is fundamentally what the Leader of the Opposition is all about.

Can I remind the House that since 1990 there has been something like a 250 per cent increase in the Pharmaceutical Benefits Scheme. I also understand from the Intergenerational Report tabled last night that, unless something is done about getting greater cost control into the Pharmaceutical Benefits Scheme, it is going to something like quadruple in cost over the next few years. It is the fastest growing item in Commonwealth health expenditures. This parliament has a choice. We can play the opportunistic games of the Leader of the Opposition; we can run around and in a straight-faced way say to people, 'We are in favour of responsible economic management. Elect us, we will keep the budget in balance; elect us, we will cut your tax; elect us, we will spend more money on defence; elect us, we will do all of these things.' But when it actually comes to them putting their hands up in a division, when it actually comes to doing something, what does the Leader of the Opposition do? He runs from his responsibility

ties; he scurries away. He puts himself forward as the alternative Prime Minister of Australia and he has got a real test.

I would like to repeat the question that was put to him by the Treasurer. We now have something like another 45 minutes left in question time and I would like to know from the Leader of the Opposition: if he is so upset about the very notion of a budget ever being in deficit, can we please have from the Leader of the Opposition a guarantee that the Labor Party in the Senate will pass all of the expenditure measures that were brought down in the Treasurer's budget last night? We are waiting. I know that the Leader of the Opposition is burnishing up that crown of economic responsibility. I know he is a born-again believer in surplus budgets, so all he has to do is to utter those words: 'I, Simon Crean, guarantee that we will pass these measures in the Senate.' Can I say that I will be willing, I will be quite prepared—I know the Treasurer will also welcome a display of statesmanship—to extend the handshake and say congratulations to the Leader of the Opposition for demonstrating a sense of national leadership. We will welcome it; we will embrace it. We will say, 'This is Simon Crean's day; he has risen to the occasion; he has shown us what he is made of.' All I want is the opportunity of saying to Simon before the day is done, 'Well done, Simon. You have served your country in the right way.'

#### **Budget: Border Protection**

**Mr TOLLNER** (2.33 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on initiatives in last night's budget which will strengthen Australia's commitment to protecting our borders and advancing our security?

**Mr DOWNER**—Firstly, can I thank the honourable member for Solomon for his question and recognise the very good job he is doing representing his constituents in the Northern Territory. Mr Speaker, the honourable member asks a very important question, because there is no doubting the fact that we now live in very difficult and very dangerous times. The events of September 11 have changed the way the world works. They have reminded us of the tremendous security

threats that we face, and no government of this country would be responsible if in its budget it did not place a great deal of emphasis on national security and protecting our borders.

It is well known that in this budget the government has built on the very substantial increases in expenditure and improvements in the capabilities of our Defence Force which were announced in the white paper some time ago. The very specific measures that are being taken to build on our defence capabilities will not only be traditional measures, such as expanding the number of patrol boats we have; they will also be addressing some of the new and highly dangerous threats that the international community faces—threats from biological and nuclear weapons as well as more traditional threats.

This is also a budget where the government, as the Attorney-General said earlier, has done a good deal to address the question of border security. We are also in this budget increasing very substantially expenditure on Australia's intelligence agencies. It is not often that we talk about these intelligence agencies but I take the opportunity of telling the House that the Australian Secret Intelligence Service is an extraordinarily able and capable organisation and that in this budget we are announcing a series of measures which will increase outlays on the Australian Secret Intelligence Service by \$21.8 million over the next four years. This is a very real and a very practical way of enhancing the security of our nation.

So too is improving the integrity of the Australian passport system. The funding that will be provided in the next financial year for research and development of a biometric identifier for the Australian passport will ensure that we have much greater capacity to understand who is coming into our country, and a much greater capacity to identify people holding Australian passports and the credibility of those people. It helps us to counter the problem of passport fraud and it is an example of this country once more being at the leading edge of technology. Over and above that, we are funding an Ambassador for People-Smuggling Issues, John Buckley, who has already started his work



and is doing an outstanding job in promoting our interests, particularly around the region, and building on the success of the Australia-Indonesian co-hosted people-smuggling conference held earlier this year.

We are also providing through our aid program substantial extra humanitarian, refugee and emergency programs. Indeed, the \$116 million that we will be spending on those programs is the largest amount of money spent on those programs yet. It includes a new international refugee program of \$15 million to support programs of a number of international agencies, such as the IOM—the International Organisation for Migration—the UNHCR and so on, to assist refugees and internally displaced people. This is a priority for us in our budget; it is a priority for the international community because around the world there are well over 20 million people who the UNHCR would define as refugees, and, if you took over and above that people who are internally displaced, the figures would be substantially higher than that.

In conclusion, I think it is also important to understand that we will be assisting countries like Papua New Guinea and Indonesia to strengthen their legislative and national frameworks to deal effectively with people smugglers, to deal effectively with the illegal people movements and to deal effectively with other forms of transnational crime. This is an important budget because it does address these fundamental issues of national security. I think it is something the Australian public understands that the government is addressing with real resolve.

#### **DISTINGUISHED VISITORS**

**The SPEAKER** (2.38 p.m.)—On behalf of all members of the parliament, can I extend a welcome to Sir Harold Young, former President of the Senate, who is present in the distinguished visitors gallery this afternoon.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Budget: Pensions and Benefits**

**Mr STEPHEN SMITH** (2.38 p.m.)—My question is to the Treasurer. Does the Treasurer recall saying that there would be no GST on medicines? Does the Treasurer also

recall saying to Alan Jones, then on radio 2UE:

Health will be GST free and ... medicines ... if anything, should (be) cheaper than they are now.

Treasurer, if it was a bad idea to put a 10 per cent GST on medicines before the election, why is it such a good idea after the election to give pensioners and families under financial pressure a triple dose—an almost 30 per cent increase in the cost of their essential medicines?

**Mr COSTELLO**—Of course, the premise of the question is completely wrong and probably known to be wrong by the questioner. There is no GST on pharmaceuticals. There was none when it was introduced. There is none now. There is none as a result of last night and, frankly, your attempt to try and suggest that there is does you no credit whatsoever. The only tax that I recall that actually did apply to pharmaceuticals was the wholesale sales tax. Labor's wholesale sales tax applied, as I recall, to pharmaceuticals. I had great pleasure when the wholesale sales tax was abolished and when GST was not applied to pharmaceuticals.

Can I say in relation to pharmaceuticals—and I think it is important that the Labor Party's attempt to scare pensioners and other people in our community is utterly repudiated—that the concessional rate for pharmaceutical benefits will be \$4.60. That means, regardless of the cost of the prescription, for a pensioners or seniors health care card holder the cost will be \$4.60. For example, last night we announced that we were entering Gleevec onto the Pharmaceuticals Benefits Scheme. Gleevec comes onto the Pharmaceutical Benefits Scheme at a cost of, per treatment, \$6,745. But for a pensioner the cost is \$4.60. The subsidy, out of the full price of \$6,745, is \$6,740.

*Mr Crean interjecting—*

**The SPEAKER**—The Leader of the Opposition knows that I expect of him the same restraint that I expect of the Prime Minister.

**Mr COSTELLO**—The Commonwealth subsidy is \$6,740 and the copayment is \$4.60. In addition to that, where you have 52 scripts in a year, every script after that is free. So people who are heavy users, who use

more than one per week, which is more than 52 in a year, get every script after 52 free. The copayment is \$4.60. In relation to people who are not on the concessional rate, the increase—as was announced last night—is \$6.20. This is not the cost of the script; this is the copayment.

Mr Speaker, as the Prime Minister said earlier, what would you think of a political party that came in here and said, 'The government should be delivering larger surpluses and, just to prove our point, we the Labor Party will vote against your savings measures'? What would you think about a political party that, on the one hand, wants to say to the Australian people they believe in surpluses, but they are just going to vote against every measure that produces them? What you would think of a political party like that is what the Australian people thought of the political party that tried that at the 1998 election and tried it at the 2001 election. Five or six years of opportunism did not pay off. The member for Werriwa was right. The member for Werriwa was right on a number of things. He was not right on everything, and the taxidriviers of Sydney can attest to that!

**The SPEAKER**—Treasurer, come to the question.

**Mr COSTELLO**—But he was right on one thing: he said that the policy of cynicism and opportunism never appealed to the Australian public. Whatever it was with Mr Crean as the deputy leader, it appears—believe it or not—it is going to get worse with Mr Crean as the leader. Did you think the Labor Party could get more opportunist? Is it possible for the Labor Party to get more opportunist? For five years the Labor Party went around Australia and said it was opposed to GST. It asked for votes in the 1998 election against the GST. It asked for votes in the 2001 election on the basis of roll-back. Last week, the Deputy Leader of the Opposition gets up and says, 'We are now no longer in favour of roll-back. GST is here to stay.' Roll-back—the policy that never dared speak its name—disappeared before it appeared. Roll-back, as I said earlier on in the year, is a policy that should be put in a museum along with Phar Lap's heart, so that

people can walk past and they can look at what the Labor Party once said.

So they come into this parliament now and they say, 'We would like a large surplus—

*Mr Crean interjecting—*

**Mr COSTELLO**—there he is!—we just like to vote against everything that is required to do it.' I say this to the Labor Party: in the tactics meeting, decide what the political attack is. If the political attack is you want larger surpluses, vote for the budget. If the political attack is going to be, 'We would like to go out and try and scare pensioners and other people,' come in here and say you are in favour of larger deficits. But do not try and run both. Make a decision, have some principles, stand up for a policy, throw away six years of opportunism and support the government.

#### **Budget: Apprenticeships**

**Mrs DE-ANNE KELLY** (2.45 p.m.)—My question is addressed to the Minister for Education, Science and Training. Would the minister inform the House of measures in the budget to support apprenticeships? Is the minister aware of other policies in this area?

**Dr NELSON**—I would firstly like to thank the member for Dawson for her outstanding advocacy on behalf of young Australians who are trying to get careers and apprenticeships in regional and rural Australia. On this side we now know that one-third of those Australians in apprenticeships and training in fact come from rural parts of the country. The training component of this budget in itself will make an enormous and positive change to the lives of in excess of 120,000 Australians. There is \$110 million extra for vocational education and training in this portfolio, in addition to \$200 million more this year for employer incentives to take on apprentices and also \$230 million in last year's budget for growth funding in relation to the Australian National Training Authority and TAFEs.

This year funding for vocational education and training is up 5½ per cent, to \$1.9 billion. The key initiatives, for the member for Dawson and those on this side who are committed to apprenticeships, include a \$22.3 million program over four years to

provide innovation apprenticeships to give incentives of \$1,100 to employers to take 25,000 Australians, mainly young people, into apprenticeships in robotics, photonics, information and communication technology and, importantly for those concerned with manufacturing, microtechnologies in existing industries. In addition to that, there is \$31.7 million for 30,000 young people—kids at school—to take on an apprenticeship while they are still at school.

What that means, Mr Speaker—you imagine that—is you have got 25,000 young people in year 10, year 11 and maybe year 12 where an employer will get \$750 to take one of those students into an apprenticeship in hospitality, retail management, the automotive industry, construction, commercial cookery and a range of things like that while they are still at school and then, if they keep employing that young person six months after they have left school, the employer will receive another \$750. Those two measures will directly change the lives of at least 55,000 Australians and their families. It will give them not only hope but skills and confidence in a career that they need. This will add to the 170,000 students who are currently undertaking vocational education and training in Australian schools.

I am also asked about alternative policies. It may not have come to your attention, Mr Speaker, but the Labor spokesperson for training is the member for Kingston. The member for Kingston is now sitting upright. He is a part of Labor's lost tribe. He is under Laurie Ferguson's direction down there, and he has not managed to ask me a question since I have been the minister. I presume that the member for Kingston supports school based apprentices at Morphet Vale High School and I am waiting to see his media release in support of this government initiative. I might also add that the Deputy Leader of the Opposition—one heartbeat away from leadership of the Australian Labor Party—has given a 20-minute speech in this place on a matter of public importance concerning education and has not said one positive thing about apprenticeships—not one. She took 10 minutes on the ABC in Melbourne this morning arguing, incorrectly, that there is no

extra money for universities or government schools, when university funding is up 5.8 per cent and government school funding is up 5.7 per cent in this budget. But there was not one positive word about apprenticeships.

I challenge the Leader of the Australian Labor Party, which is supposed to be founded on representation of working people, when he stands up to ask his next question to ask indulgence of the Speaker to applaud this government for giving 55,000 Australians apprenticeship opportunities and, in particular, 30,000 Australian schoolchildren and their families an apprenticeship while they are still at school. If they stand for working Australians and they want to give hope to young people where it has been lost, particularly in electorates like Dawson, then stand up at the dispatch box and commit the Australian Labor Party to supporting this package of measures in training.

#### **Budget: Pensions and Benefits**

**Mr STEPHEN SMITH** (2.51 p.m.)—My question is again to the Treasurer and it follows on from his answer to the previous question. Does the Treasurer recall saying on radio 2UE this morning:

The change is \$1 ... the change for pensioners is \$1 ... and we're not hitting pensioners.

Is it not the case that health department figures show that more than one million pensioners and concession card holders will reach their safety net and be \$52 a year worse off? Is it not also the case that more than 300,000 Australians are in families that will reach the general safety net and they will be a full \$190 a year worse off? Treasurer, are you so out of touch that you really believe you are not hitting pensioners and families hard with your almost 30 per cent increase in the cost of essential medicines?

**Mr COSTELLO**—I can confirm, as I said on radio 2UE, that the change is one dollar. The change in the concessional code payment is one dollar. As I also said, there is a safety net provision so that after you have had 52 scripts in the year the additional scripts are free. The change for a pensioner per script is one dollar, and there is a safety net arrangement which means that after 52 weeks the scripts on the PBS thereafter are

free, and it does not matter whether the script costs \$200 or \$300—

*Mr Crean interjecting—*

**The SPEAKER**—The Treasurer has the call.

**Mr COSTELLO**—I will make this point: the Labor Party wants to oppose the government's measures to make the PBS sustainable. The public ought to know that in the long term, as the Prime Minister has said, the PBS will become unsustainable and all Australians will be worse off. It is just a cynical, short-term manoeuvre. You know that this scheme needs to be put on a sustainable basis. If you do not make the moderate changes now, the changes are going to become more and more drastic. The Labor Party might think that they can get away with telling the public that no change is required. Maybe they could get away with that for a year, or maybe they could get away with it for two years, but anyone who genuinely believes in putting health on a sustainable basis in this country will be supporting these reforms. It is cynicism on the part of the Labor Party to try to pretend that nothing needs to be done, that we can have a \$60 billion program, as the Intergenerational Report foreshadows, out into the future. It is cynical and opportunistic politics.

The internal contradiction arises here. I like the way they do it: they have this spokesman up to make out as if he is against expenditure restraint, and they have the member for Fraser up to make out as if he is in favour of stronger surpluses—and you are only sitting two paces away from each other. The two of you should get together and work out which is your criticism of the budget. If your criticism of the budget is that you want to have stronger surpluses, then go with the member for Fraser and vote the government's budget through. If you want to go the low road and say, 'We don't want to have any expenditure restraint,' then go with the member for Perth—but go one way or the other, because watching the Labor Party put one foot on one side of a barbed wire fence and the other foot on the other is becoming very painful for us to look at. Tell us what your position is. Decide what it is and come out with a coherent line. As I said before, it

is the politics of opportunism, and it has been proven over the last five years that the Australian public will not warm to the politics of opportunism. You could have had no more opportunist position than to oppose tax reform. It was the easiest campaign to run in the whole of recent Australian political history: 'We are against the tax base.' But could the Labor Party win one election on it? Could it win two elections on it?

All of these submissions that are coming into the Labor Party's Wran report are saying, 'We did not have a credible taxation policy in the Labor Party.' What does the New South Wales Labor Party say? It says Labor had no credible economic or tax policy at the last election. That is what it said. The New South Wales Labor Party said Labor had no credible economic or tax policy at the last election. I wonder who was responsible for economic and tax policy at the last election. If you want to run up to the next election with no credible policy in relation to expenses; if you want to run up to the next election with a policy of cynicism and opportunism, I think the Australian public will reward that policy in the same way. This is the government that wants to stabilise the position for the Pharmaceutical Benefits Scheme, this is the government that is doing the hard work in terms of maintaining durable services, and this is the government that really has the long-term interests of the Australian public in mind when it does that.

**The SPEAKER**—Consistent with the comments that I made to the member for Bendigo yesterday, I would remind the Treasurer and other members of their obligation to address their remarks through the chair.

#### Health and Ageing: Aged Care

**Mr LLOYD** (2.57 p.m.)—My question is addressed to the Minister for Ageing. Would the minister inform the House of the Howard government's commitment to providing quality care for Australia's aged people?

**Mr ANDREWS**—I thank the member for Robertson, the Chief Government Whip, for his question and his commitment to the frail and elderly in his electorate. This budget which the Treasurer delivered last night is

good news for frail and elderly Australians. The government, through the budget, is delivering in full on its election commitments to the aged. The reality so far as ageing is concerned is that the ageing of the population, as the Intergenerational Report indicates, will have a significant impact on the economic and social fortunes of our nation. Today over two million Australians are aged 65 years and over. In the next 40 years, as the Intergenerational Report indicates, that figure is likely to triple to over six million people.

Six years ago we had an aged and community care sector that was unprepared for this movement in our demographics. In fact, when Labor left office in 1996 there was a shortage—indicated by the Auditor-General in a subsequent report—of some 10,000 aged care beds in Australia. In fact, in 1986 the Labor Party had established itself a benchmark of 100 places in aged care facilities for every 1,000 people in Australia over the age of 70 and, when leaving office a decade later, it had not achieved that target whatsoever. Since coming to government, the coalition has significantly increased the funding of aged care places in Australia, and this year's budget includes an additional \$211 million over four years for residential aged care subsidies. In the course of two terms in government we have increased expenditure on aged care in Australia from some \$2.5 billion to well over \$4 billion—an increase of some 75 per cent. This is an indication of the concern and care that the coalition has for the frail elderly in Australia. A week ago I indicated that an additional 8,000 places had been allocated for aged care in this year's round, which brings to over 32,000 the number which have been allocated in the last three years' rounds.

In addition, we know that Australians wish to stay in their own homes for as long as possible, if they can appropriately. When we came to government, there were just 2,000 community aged care packages which enabled Australians to do this. Today, there are over 27,000 of those packages and we have committed almost another \$70 million in this budget to expand that number of packages by 6,000 over the coming four

years. In addition to that, there are measures in the budget to address the aged care work force: over \$40 million, which will go towards recruitment and training of aged care nurses; 250 scholarships, worth up to \$10,000 a year, to be made available to nursing students studying at regional universities; and ongoing training for up to 10,000 aged care workers in smaller nursing homes.

In addition to these measures, there is a measure of some \$80 million over four years for carers—those who do a wonderful job in our community, caring for people who are old, disabled and frail. We are providing an additional \$20 million for carers of people with dementia, an additional \$30 million for carers of our frail aged and an additional \$30 million to other carers of people with disabilities. On top of that, there is an increase in the HACC funding from the Commonwealth in the coming year—an increase of 9.5 per cent over and above the HACC funding which is provided to this year.

**Mr Crean**—Nobody's listening.

**Mr ANDREWS**—The Leader of the Opposition interjects. Of course nobody from the opposition is listening; nobody in the opposition is concerned about the elderly and the aged in Australia. If you were really concerned, you would have done something about it in the 10 years that you were in government. You failed to meet the benchmark you set for yourselves. You are not concerned about the elderly in Australia. We are concerned about them and we are doing something about it. We will continue to provide for the elderly and the frail in the Australian society—something which the opposition could not do.

#### **Social Security: Pensions and Benefits**

**Mr CREAN** (3.01 p.m.)—My question is to the Prime Minister. I remind him of his election promise on 24 October last year, when he said:

Nobody's benefit will be cut as a result of changes to the social security system.

Prime Minister, given that last night's budget will cut the pensions of some 200,000 Australians with genuine disabilities by up to

\$52 a fortnight, why didn't you tell the truth during the election campaign?

**Mr HOWARD**—The benefit levels are not being cut, and you know it. I made it perfectly clear when this issue was raised with me before the budget that the eligibility rules were under study but that the benefit levels were not going to be cut. As the Leader of the Opposition has been kind enough to ask me this question, I would like to take a few moments to go back over the history of debate on this issue. I will start with a quote that I think everybody will be interested to hear. It reads:

Something also needs to be done about the outrageous growth in the Disability Support Pension (DSP), which is now paid to more than 550,000 Australians. ... Some experts believe the size of the program should be no more than 150,000. ... The DSP needs to be overhauled and mutual responsibility policies applied to all those with a genuine capacity for work.

The utterance was made, interestingly enough, on my birthday—26 July 1999—but it was uttered by the sage of Werriwa. Here it is, all his own work—Mark Latham, assistant shadow Treasurer and shadow minister for economic ownership, urban development and housing. He was then on the back bench, furiously writing articles which were getting up the nose, so to speak, of the then Leader of the Opposition, and generally aggravating the Australian Labor Party with his outbursts of candour.

It does not end there. About seven months later, he said:

Solutions must be found to the growth in DSP in order to ensure people with disabilities have the fullest opportunity available to reach their potential and to make their contribution.

Who was that? Was that me? Was it the Treasurer? No, it was Wayne Swan, the member for Lilley. That was in a submission by the ALP to the Welfare Reform Reference Group. This is what the Treasurer was talking about a moment ago: when you are addressing one audience, you are serious, you believe in reform and you believe in long-term policy; when you are hunting around for a vote, you are Mr Opportunisms, aren't you, Leader of the Opposition and the mem-

ber for Lilley? On 17 August 2000, Mark Latham said:

... McClure has got it right. He is saying that we should treat mildly disabled Australians seriously. We should back up 30 years of rhetoric that says, 'Don't write these people off ... Actually give them a chance to exercise their capacities ... emphasise the capacity that mildly disabled people have to work.'

Again, Mark Latham said—and this is probably the best one of all, and let me say that these are not words that I would use or endorse:

I think blind Freddy out there in Australia can see that we don't have one out of eight Australian men in their fifties disabled, totally incapable of work. ... Everyone knows that the system is being abused—

this is Mark Latham saying this—

But for those who've got a capacity to work, we should support that and give them the assistance to find work. The whole emphasis of welfare policy should be much more on capacity than incapacity.

There you are, Mr Speaker: spokesman after spokesman has argued that the reform ought to be undertaken but, as soon as a government has the courage to introduce the measure, they immediately go to water and lapse into opportunism, and they are going to vote against this. They are working themselves up to vote against this and also to vote against the Pharmaceutical Benefits Scheme. This is typical of the Australia Labor Party. When they are in government or when they are trying to advocate a policy position, they put down a certain attitude, but when they are put to the test and their feet are put to the fire in respect of supporting what the government is going to do in an area, they go to water completely. That, of course, is true in disability support and it is also true in relation to the Pharmaceutical Benefits Scheme.

I will end on this note. Let me quote a Labor Party spokesman on this issue. When he was talking about the escalating cost of the scheme he said—and these words should ring in the ears of every member in this House:

The alternatives are stark: reconstruct the scheme so that it remains fair for everyone, or lose the scheme altogether, so that access to complete

health care would be available only to the wealthy.

Those were the words of the former Treasurer and former Labor Prime Minister Paul Keating when introducing the 1990 budget. You have Keating, Latham and Swan; one after the other they are saying that we have to have the courage to face these issues but, when given the opportunity to do that and when they have to respond to a measure put down, they cut and run like the gutless political failures they really are.

**Mr Swan**—I seek leave to table my submission to the McClure report. I am proud of what I had to say. It is a damning indictment—

**The SPEAKER**—Leave is granted.

#### **Employment: Job Network**

**Mr BARRESI** (3.09 p.m.)—My question is addressed to the Minister for Employment Services. What enhancements does the government intend to make to the highly successful and efficient Job Network? How will the government ensure that those people looking for work receive the highest possible services?

**Mr BROUGH**—I can inform the member for Deakin, as I can inform members opposite and all of Australia, that this year's Howard budget has delivered in full every commitment that this government made in the last election campaign to Australia's unemployed. The budget announcements build on the success of the Job Network since 1998 and we are now delivering more jobs from more sites at far less cost than Simon Crean, when he was the Minister for Employment, Education and Training with his failed Working Nation, could ever have dreamt he could achieve. That was an ineffective, costly system which was not capable of delivering anything whatsoever for Australia's unemployed. From July 2003, Australia's job seekers—

*Mr Crean interjecting—*

**The SPEAKER**—If the Leader of the Opposition has a point of order, I will hear him. However, I do not expect the Leader of the Opposition to expect to get my attention by simply shouting at me from his chair.

**Mr Crean**—Mr Speaker, on a point of order: you drew attention to the Treasurer and his requirement to refer appropriately to people on this side of the House. This minister has just ignored that. You have let him go through to the keeper—

**The SPEAKER**—The Leader of the Opposition will resume his seat and not reflect on the chair. If the minister has referred to people by their name, he understands the requirement not to do so. As the Leader of the Opposition may have been aware, I was in conversation with the Minister for Science and I did not hear what the Minister for Employment Services had to say.

**Mr BROUGH**—If the Leader of the Opposition requires clarification, I was pointing out to the House that when he was the failed employment minister he spent \$3 billion on employment services and failed to create jobs for Australia's unemployed. From July 2003—

**Mr Martin Ferguson**—You rorters sit together.

**The SPEAKER**—I warn the member for Batman! The chair has exercised a great deal of leniency on both sides of the House given that this is the first question time since the budget. That measure of grace is currently running very short.

**Mr BROUGH**—From July 2003, Australian job seekers will be part of an enhanced Job Network service modelled on an active participation. We now know from longitudinal studies that activity equals outcomes and outcomes equal jobs. That is what the Howard government delivers to Australia's unemployed. This government has been part of creating 900,000 jobs and, by the end of the year, we hope the figure will be one million.

The member for Deakin asked me what enhancements will be made. First of all, by expanding our job placement services, we will be providing through the Australian Job Search web site far more jobs for Australia's welfare recipients—opportunities for them to get into work. We will also be establishing a job seeker credit. This is a job seeker account into which we put \$850 which can only be spent on the unemployed; it is not money that can go to the Job Network member's



bottom line, and it can deliver services like clothing, training or transport—anything that will help Australia's unemployed back into the work force. As I have said, it cannot be retained by the Job Network members on their bottom line.

*Mr Crean interjecting—*

**The SPEAKER**—The chair is being openly defied by the Leader of the Opposition!

**Mr BROUGH**—I was also asked how the government will ensure that these people who are looking for work will receive the highest possible services. Through the enhanced Job Network, we will deliver a better targeted, more flexible, individualised responsive system based on maintaining a high level of activity by job seekers. All of this will be underpinned by a service guarantee. The unemployed will know what they are going to be able to receive and the type and frequency of services from their Job Network members. That is a great move forward from any previous employment services provided by the Labor Party.

These new measures have been welcomed by a lot of groups as diverse as the Council of Social Services, Mission Australia and the Australian Chamber of Commerce and Industry. This budget delivers enhanced employment services to Australia's unemployed, and it delivers 100 per cent on our election commitments. The member for Werriwa said on Channel 7 on 1 August 1999:

But for those who've got a capacity to work, we should support that and give them the assistance to find work.

To answer the question thrown up by the member for Werriwa—referring to the statements made by the Prime Minister regarding DSP and those coming back to employment—I can tell the member for Werriwa that Job Network and the Howard government will deliver just that, because we believe in giving people a chance.

#### **Budget: Disability Support Pension**

**Mr SWAN** (3.15 p.m.)—My question without notice is directed to the Prime Minister. I refer the Prime Minister to the budget's plan to tighten eligibility for the disability support pension, forcing many—up

to 200,000—onto Newstart allowance. I ask the Prime Minister whether he will provide today an absolute guarantee that people with the following disabilities and illnesses will not be pushed onto the dole, resulting in a \$52 cut per fortnight in their benefits. Those disabilities are schizophrenia, bipolar disorder, acquired brain injury, rheumatoid arthritis, learning disabilities, AIDS and paraplegia. I ask for an absolute guarantee, Prime Minister!

**Mr HOWARD**—I thank the member for Lilley for his question on this. I remind him of his words that 'solutions had to be found' to the growth in DSP. That was his statement: 'solutions had to be found to the growth'. So, in other words, the opposition cannot have it both ways.

*Mr Swan interjecting—*

**The SPEAKER**—The member for Lilley has asked his question.

*Mr Swan interjecting—*

**The SPEAKER**—The member for Lilley is warned!

**Mr HOWARD**—The opposition cannot, in the form of the member for Lilley and the member for Werriwa, go running around the country saying, in general, 'Oh, isn't this terrible? It is getting too expensive and people are roting it and we have got to do something about it.' You talk about 200,000; your mate from Werriwa is talking about 500,000 as being the number of people who he reckons ought not to be on it. So you cannot have it both ways. You cannot, in one guise, trying to scrounge and gather a little bit of credibility as some kind of latter-day economic reformer, go running around the country saying, 'Look, give us the reins of government and we will rein all these programs in and take the responsible decisions.' The decisions that were announced last night by the Treasurer will come into force, subject to the passage of the legislation, on 1 July 2003.

In relation to people who are currently on the DSP, they will be progressively reviewed by Centrelink, under the new rules, within a five-year period starting on 1 July next year. People will be exempt from the review if they are within five years of age pension age,

terminally ill, a Veterans' Affairs TPI pensioner, permanently blind or clearly unable to work. In addition, people who work at less than award wages—and this is an important qualification—will not in any way have their pension affected. Detailed guidelines for the Centrelink reviews will be completed after the legislation is passed. These guidelines will allow individual circumstances to be taken into account, as is done elsewhere in the social security system. That is the framework.

This is a genuine attempt by this government to get control over a program that both the member for Werriwa and the member for Lilley have said is being rorted. This is a stark opportunity for this opposition to discharge its responsibilities as the alternative government of this country. They get up here at question time and they say, 'The surplus should be bigger. You should be even more responsible than you are. We believe in fiscal rectitude.' But, when it comes to the opportunity of actually putting up their hands and voting for an initiative of this government which is designed to address some of these problems, what do they do? They threaten to vote against it.

I think the disability support pension system does need to be brought under control, and any person on either side of this House who believes in a decent social welfare policy will support that approach. I am appealing to those people in the opposition who are interested in genuine public policy to provide for long years ahead for this country. They have an opportunity to address two areas which are exploding and, unless we do something about them, both of those areas will undermine our capacity to deliver additional dollars in other areas of vital need.

The member for Werriwa knows that, the member for Lilley knows that, and I reckon there are a lot of other people in the opposition who know it also. But the person who has to do something about that knowledge is the man who sits opposite me at the dispatch box. If he wants to run away from his responsibilities today, he has an opportunity tomorrow night. I think the Treasurer and I will turn up tomorrow night and we will be all ears: we will be waiting to listen to what

he has to say. But, importantly, the Australian people will want to know whether this man's promise—and he has now been the Leader of the Opposition for six months—to give a real alternative for the Australian people means anything, or whether he is just another cheapjack opportunistic Labor leader. He has an opportunity to do this, but his attempts so far do not give any encouragement that he is any different. In fact, I think this Leader of the Opposition is even more opportunistic than his predecessor.

#### **Budget: Small Business**

**Mr LINDSAY** (3.22 p.m.)—My question is to the Minister for Small Business and Tourism. Will the minister inform the House of budget announcements that will benefit Australia's 1.2 million small businesses?

**Mr HOCKEY**—Just before question time the member for Herbert came to me and said that we should let the secret out: last night's budget was very good for Australia's 1.2 million small businesses. It is good because it helps to provide safety and security for Australia, and that helps to maintain business confidence. Importantly, the budget keeps consumer confidence high. Specifically, the government has allocated \$60 million over the next four years for the Small Business Assistance Program. Under that program, \$36 million will be made available for skills development and small business incubators. Recently, I was with the member for Eden-Monaro at the opening of a small business incubator in Cooma—there was a record attendance and it was a great initiative. Also, \$24 million will be made available for referral and support services for small business. We will help with the construction of up to 12 new incubators per year.

The budget also cuts the superannuation surcharge by 4½ per cent over three years and it gives small business people a tax incentive to put away more super. It also helps small businesses with tax compliance, through the provision of \$45 million for GST field services. It increases export assistance and sets up the 10 TradeStart offices that the Deputy Prime Minister referred to as a great initiative a little earlier. It encourages businesses to take on apprentices, particularly in information technology. I commend the

minister for education on that initiative as well.

**Mr Sawford**—Twelve dollars, Joe!

**The SPEAKER**—The member for Port Adelaide is warned! The minister has the call.

**Mr HOCKEY**—By far the most significant benefit for small business out of last night's budget is that we are keeping the Australian economy strong. Compared with the dark days of Labor in government, today inflation is down, economic growth is up, unemployment is down, exports are up, government debt is down and business investment is up. That helps small businesses to remain and become more profitable and it helps to create more jobs for many young Australians.

#### **Budget: Disability Support Pension**

**Mrs CROSIO** (3.25 p.m.)—I would like to address my question without notice to the Prime Minister. Prime Minister, have you seen media reports with the comments of David Smith, who suffers from spina bifida, and his wife Tannia, who is a virtual quadriplegic, who expressed their deep concerns at last night's budget? Are you aware, Prime Minister, that last night's shifting of the disability support pension goalposts may force both David and Tannia off their pension because they each work more than 15 hours a week? Have you, Prime Minister, seen Tannia Smith's comment:

We love working, we're proud to be making a contribution as taxpayers in society.

Prime Minister, why does your budget punish people like the Smiths for working, by taking up to \$52 a fortnight off them? Prime Minister, can you confirm that some 200,000 Australians will be hit in similar ways as the Smiths? Can you explain, if they are going to be affected, how a cut in the budget will not be a deficit to those working people?

**Mr HOWARD**—The answer to the honourable member is that I have not seen those comments but, as I do with all these comments that are put to me, I will get hold of them and analyse them. I had, for example, a case quoted to me on radio this morning. It would appear, on a quick examination, that because of the age of the person involved,

under the principles that I have outlined here, that person would not be affected by the review. I am not going to attempt, without doing further analysis, to give a yes or no answer. I will have the details examined and I will get Senator Vanstone, the relevant minister, to respond to you. I have indicated in broad outline the way in which the new principles are going to operate.

I have to remind the honourable member that the views expressed by her colleagues cannot be ignored. I am quite certain that the views expressed by her colleagues were not directed at people who did not have a meritorious case on their side, that they were directed at people who, in their view, were abusing the system. That clearly would not be the case with people who were suffering the sorts of disabilities of which you speak, without seeking to give a definite answer one way or another about that case. We are all desirous of helping people in a situation like that, but I would hope that we are equally united in our desire to make certain that the system is not abused. The only way you can stop the abuse of the system is to reform it. That is what the member for Werriwa and the member for Lilley had in their minds when they made those statements. You can choose to play the opportunistic game that the Leader of the Opposition has played on this matter or you can choose to support an attempt by the government to get some fairness, balance and rationality into the system. I invite the opposition to constructively co-operate with the government on this issue, instead of, in the one breath, as they have always done, say that the problem has to be fixed but, when an opportunity arises to fix it, run a hundred miles from it and wrap themselves in the flag of opportunism. Mr Speaker, I ask that further questions be placed on the *Notice Paper*.

#### **PERSONAL EXPLANATIONS**

**Mr LATHAM (Werriwa)** (3.30 p.m.)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the member for Werriwa claim to have been misrepresented?

**Mr LATHAM**—Yes, grievously so by the Prime Minister.

**The SPEAKER**—The member for Werriwa may proceed.

**Mr LATHAM**—The Prime Minister has used some old newspaper articles to selectively quote from, suggesting that I support the government's cuts to the disability support pension. The reading of those articles will show that I support massive increases in spending on disabled people—on transport subsidies, on rehabilitation and on training—to get them into the work force.

**The SPEAKER**—The member for Werriwa will indicate where he was misrepresented.

**Mr LATHAM**—I do not support these cuts; I support increased investment.

**The SPEAKER**—The member for Werriwa will resume his seat; he has indicated where he has been misrepresented.

**Mr SWAN (Lilley)** (3.30 p.m.)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the member for Lilley claim to have been misrepresented?

**Mr SWAN**—I most certainly do. During question time the Prime Minister on two separate occasions claimed that in my submission to the McClure inquiry I had suggested that the disability support pension had been rorted. Nowhere in my submission to the McClure inquiry did I suggest any such thing. My submission suggested positive ways for people to move from welfare to work. It brought forward an agenda for reform and nothing that the Prime Minister said accurately reflected my submission.

#### QUESTIONS TO THE SPEAKER

##### Transport and Regional Services

**Mr MOSSFIELD** (3.31 p.m.)—Mr Speaker, under standing order 150, would you write to the Minister for Transport and Regional Services and ask him to answer question No. 137, placed on the *Notice Paper* by me on 14 February 2002.

**The SPEAKER**—I will follow up the matter raised by the member for Greenway, as the standing orders provide.

#### AUDITOR-GENERAL'S REPORTS

##### Reports Nos 39 to 49 of 2001-02

**The SPEAKER**—I present the Auditor-General's audit reports Nos 39 to 49 of 2001-02 entitled No. 39: *Performance audit: Management of the provision of information to job seekers: Department of Employment and Workplace Relations*; No. 40: *Performance audit: Corporate governance in the Australian Broadcasting Corporation*; No. 41: *Performance audit: Transactional banking practices in selected agencies*; No. 42: *Performance audit: Integrity of the electoral roll: Australian Electoral Commission*; No. 43: *Performance audit: Indigenous education strategies: Department of Education, Science and Training*; No. 44: *Performance audit: Australian Defence Force fuel management: Department of Defence*; No. 45: *Assurance and control assessment audit: Recordkeeping*; No. 46: *Performance audit: Management of an IT outsourcing contract: Department of Veterans' Affairs*; No. 47: *Performance audit: Administration of the 30 per cent private health insurance rebate: Health Insurance Commission: Department of Health and Ageing, Australian Taxation Office, Department of Finance and Administration, Department of the Treasury*; No. 48: *Performance audit: Regional Assistance Programme: Department of Transport and Regional Services*; and No. 49: *Performance audit: The management of Commonwealth national parks and reserves: 'Conserving our country': Department of the Environment and Heritage*.

Ordered that the reports be printed.

#### PAPERS

**Mr ABBOTT (Warringah—Leader of the House)** (3.32 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings* and I move:

That the House take note of the following papers:

DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES—IIF Investments Pty Limited, IIF (CM) Investments Pty Limited, IIF Bioventures Pty Limited, IIF Foundation Pty Limited, IIF Newport Pty Limited—2000-2001 Annual Reports—section 36(4) of the Commonwealth

Authorities and Companies Act 1997. (11 March 2002/11 March 2002)

DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES—Australian Technology Group Limited—Chairman's address to the 2001 AGM, 5 November 2001 (financial statements)—section 9(3) of the Commonwealth Authorities and Companies Act 1997. (15 February 2002/15 February 2002)

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS—Access and Equity 2001 Annual Report: Progress in Implementing the Charter of Public Service in a Culturally Diverse Society (2 April 2002/2 April 2002)

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

#### GOVERNOR-GENERAL'S SPEECH

##### Address-in-Reply

**The SPEAKER** (3.33 p.m.)—I have ascertained that His Excellency the Governor-General will be pleased to receive the address-in-reply at Government House at 5.30 p.m. tomorrow.

I shall be glad if the mover and seconder, together with other honourable members, will accompany me to present the address.

#### COMMITTEES

##### Certain Maritime Incident Committee

##### Clerks Correspondence

**The SPEAKER** (3.33 p.m.)—For the information of honourable members, I present copies of correspondence between the Clerk of the House and the chair and the secretary of the Senate Select Committee on a Certain Maritime Incident.

To the extent that the correspondence eventuated as a result of an invitation by the committee or as a result of comments made to the committee by the Clerk of the Senate, a copy of the relevant documents from the committee secretary and the Senate Clerk have been included.

#### RETIREMENT

##### Harris, Mr Bernie

**The SPEAKER** (3.34 p.m.)—I wish to advise the House of the retirement from the parliamentary service last week of Mr Bernie Harris of the Department of the Parliamentary Reporting Staff, DPRS. I note that he is

present in the Speaker's gallery this afternoon and I welcome him.

Bernie Harris worked for the parliament for 38 years, with all but the last 2½ years being with Hansard. Bernie's final task for the parliament was to be Executive Coordinator for the Centenary of Parliament and the Centenary of Federation, the highlight of which was the special sittings of the parliament in Melbourne last year. Bernie played a significant role in the organisation of those events.

Bernie joined DPRS in 1964, in the 25th Parliament. Fifteen parliaments and 12 Speakers later, Bernie has retired. To put that in a different perspective, Bernie started working for Hansard when Sir Robert Menzies was Prime Minister, Mr Arthur Calwell was Leader of the Opposition and decimal currency was still two years away.

Since then, there have been enormous changes in the parliament. The resources available to members and senators have improved remarkably, and the services provided to members and senators by all areas of the parliament have also changed extraordinarily.

I would like to thank Bernie on behalf of all members for his services to the parliament over such a long period and wish him well in his retirement.

**Honourable members**—Hear, hear!

#### MINISTERIAL STATEMENTS

##### East Timor

**Mr DOWNER** (Mayo—Minister for Foreign Affairs) (3.35 p.m.)—by leave—At midnight this Sunday, East Timor will achieve formal independence. For many, independence represents the end of a long road since the autonomy ballot in August 1999. For the people of East Timor the road has been much longer, stretching back to 1975 and even before. For all of us who have joined, at some point, East Timor's road to independence it will be a great day of celebration for the newest nation of the 21st century. For all of us it will be the beginning of a new journey.

Australians from all walks of life admire the people of East Timor deeply. The

strength of that admiration will be clear on Sunday, when our Prime Minister leads so many Australians in Dili to the formal independence ceremony—from federal, state and local governments, from academia, from church, service, civil rights and aid organisations and from business. East Timor's celebration is truly a celebration shared by Australians, and I am pleased that many people here in Australia are organising their own celebrations for Sunday evening. For us, it is the climax of our involvement in helping East Timor along the path to independence. We are witnessing the birth of a nation.

Australia has worked hard, together with the United Nations and other international friends of East Timor, in helping the East Timorese reach 20 May. We should be encouraged by the many and significant achievements over the transition period to which we have contributed. It is worth recalling that the opportunity for change in East Timor came in 1998 at the end of the Soeharto era. A more open-minded president in Jakarta, and our own survey of the East Timorese diaspora in Australia and elsewhere and within East Timor itself provided a better appreciation of how East Timorese leaders saw their future and helped form the basis of our policy change. This was marked by the Prime Minister's letter to President Habibie in December 1998 which outlined a possible new approach to East Timor. The Howard-Habibie summit in April 1999 in Bali helped pave the way for creating the conditions for a successful popular consultation. Australia's significant diplomatic and political effort helped firm up international support for an act of self-determination and later, when security broke down, to restore that security.

Australia was involved from the outset. We participated in the first UN monitoring mission, UNAMET, which culminated in a public verdict in favour of independence. We led the INTERFET mission which restored security in East Timor in the dark days of 1999. And we have contributed a great deal to the UN Transitional Administration in East Timor, known as UNTAET. Our efforts have been enormous and sustained. In short, we have played no small part in providing

East Timor with building blocks for its future.

Australians have watched East Timor's transition keenly: from the devastation of the post-ballot violence and destruction of late 1999 to a new country with a functioning executive and legislature, a developing judiciary and the foundations for a strong public sector and civil society. Australians responded overwhelmingly to the 1999 crisis, with many communities around the country quickly mobilising to help. Our national effort has involved thousands of Australians living and working in East Timor and many more contributing in kind, from their homes, churches, schools and places of work. The concern of ordinary Australians for the plight of East Timorese has been reflected in the commitment of the government to assisting East Timor.

We recognised very early on the significant international support that would be required to assist East Timor to independence and to help repair the truly devastating post-ballot violence and destruction. Our initial humanitarian effort, in 1999 and 2000, totalled around \$81 million. Then we moved quickly to pledge \$150 million over four years in bilateral aid to ensure certainty for East Timor in the transition period and early independence years. Our humanitarian and aid assistance, of course, has come on top of our significant defence support for East Timor. Between July 1999 and June 2001, Australia's contribution to the peacekeeping effort was valued at some \$1.4 billion. Over 15,000 Australian defence personnel have served as members of the international peacekeeping force.

Australia's response to the situation in East Timor has not been in isolation. The international response—to which we contributed and helped build—was a remarkable example of international resolve to address a humanitarian and security crisis. That resolve has continued through the joint donor trust funds, supporting the East Timorese administration and projects to rehabilitate and develop a fledgling state. Biannual donor conferences have enabled multilateral and bilateral donors to consult regularly with the East Timorese leadership. We were pleased to

host the fourth Donors' Conference here in Canberra.

We have to be realistic about the level of assistance the international community is able to sustain for East Timor, but the government remains concerned that the progress we have made is not compromised by lack of resources or commitment. It is critical that the donor community continues to engage East Timor through the crucial first years of independence. For our part, Australia will continue to work closely with East Timor, the United Nations and other donors to ensure the people of East Timor can build for themselves a peaceful and prosperous future.

Building a stable and sustainable democracy is critical to its future. It is a task Australia has supported strongly. Since January 2001 the Australian Electoral Commission has been helping develop skills and resources for managing electoral processes. We saw these displayed in the recent presidential election. The Australian observer delegation witnessed a peaceful and well-managed election. The continued high voter turnout—more than 86 per cent—was a greatly encouraging sign for East Timor's democratic future.

Australia's assistance to East Timor's transition has focussed on building local capacities. We have trained over a thousand East Timorese civil servants, including people from central and district administrations. We have helped develop effective budget management and tax systems and other basic functions of government. And we have provided scholarships targeted at developing and improving skills. Our efforts have helped East Timor's government to grow and develop over the transition period, and the reins are now very much in East Timor's hands. The vast majority of civil servants now are East Timorese. It is a process that now has its own momentum, preparing the East Timorese for government at independence and, clearly, beyond.

A strong and effective democracy cannot develop without a strong civil society. Australian aid is helping strengthen civil society by partnering Australian and East Timorese organisations working on reconciliation and peace building, good governance, human

rights and support for the more vulnerable people in society. Likewise, a strong democracy cannot be built in East Timor without attending to the needs of all East Timorese. The vast majority of the population live in rural areas. So Australia has worked to ensure that our assistance reaches beyond Dili. We have begun projects in water supply, sanitation, community development and health in a number of districts. And we support microfinance programs, offering small loans to poor people in rural communities to start small businesses and generate much needed income.

We applaud the first, and responsible, budget for an independent East Timor, and we hope that such realism continues. Budget projections for East Timor suggest that it will be critically important to broaden and deepen the economic base and to develop an environment for the private sector that promotes growth and investment. Setting in place a legal and regulatory framework for developing the private sector—including resolving land tenure issues—will be crucial to ensuring economic growth, private investment and new jobs. Over the past two years our support has helped build the capacity of the East Timorese administration to manage all aspects of government and private property. The skills and knowledge we are helping to build should assist the East Timorese to develop and implement legislation to manage their land ownership issues in the future.

Australia and East Timor have reaffirmed their commitment to the joint development of Timor Sea petroleum resources, recognising in particular the crucial importance of these resources in promoting East Timor's economic development. To this end, Australia and East Timor have been working on converting the Timor Sea Arrangement into a new treaty. The Prime Minister, the Treasurer, the Minister for Industry, Tourism and Resources and I met Chief Minister Alkatiri on 10 May, which was last Friday, and had very productive discussions. Having agreed on the architecture, I hope the two governments will be able to sign the new Timor Sea Treaty in Dili on East Timor's independence on 20 May. Australia and East Timor are committed to expeditious development of the



key Bayu-Undan and Greater Sunrise petroleum fields.

A crucial part of any functioning democracy is the safeguarding of human rights. The Australian government has been concerned to see the perpetrators of human rights abuse in East Timor brought to justice. We have welcomed Indonesia's ad hoc human rights tribunal on East Timor, and we are looking to see the trials proceed with independence and integrity.

Likewise, Australia has welcomed the establishment of the Commission for Reception, Truth and Reconciliation in East Timor. One of the key objectives of the commission is to provide a legal mechanism for reconciliation and reintegration at the community level. The work of the commission is still at a very early stage but progress is encouraging, and we are pleased to have supported its work and the work of the serious crimes unit in East Timor.

The role of East Timorese leaders in national reconciliation is vital. The president-elect, Xanana Gusmao, has been particularly active in meeting former militia leaders and encouraging refugees to return to East Timor. Settling the refugee situation in West Timor will be crucial to East Timor's future stability as a nation. Australia has been helping refugees to return either voluntarily to East Timor or to resettle elsewhere in Indonesia in a program worth \$13 million since 1999. We are particularly pleased to hear of the high levels of refugee repatriation following the presidential election.

The East Timorese will not live in isolation after independence. The international community and the regional community are keen to embrace East Timor. A key to East Timor's future will be the relationships that it forges abroad. Most important, of course, will be East Timor's relations with its neighbours.

I am gratified at recent positive steps in relations between East Timor and Indonesia. The trilateral meeting I attended with my East Timorese and Indonesian counterparts in February this year was an important step to normalising East Timor's relationships in

the region and will be the start of further co-operation between our three countries.

I make particular note of the constructive approach to the relationship demonstrated by President Megawati and her government. I look forward to further initiatives where our three countries can work together in a regional partnership, such as at the inaugural South-West Pacific Dialogue to be held later this year. As a close friend and neighbour, Australia hopes to continue to build on the strong ties that have characterised our relationship. We will do that and other things too to help East Timor integrate into the international community.

The United Nations mandate for a newly independent East Timor, UNMIST—the UN Mission of Support in East Timor—does not shy away from the challenges in East Timor. Instead, it provides for support over two years in three main areas: essential public administration, law and order and external security. Australia will continue to play a lead role, particularly in the peacekeeping force and UN police presence which will be drawn down over the next two years. We are committed to helping develop a modest East Timorese defence force and police service. Our goal remains the gradual withdrawal of the UN mission as East Timor develops its own capacities.

It is appropriate for the government formally to register its gratitude to the UN Secretary-General, Kofi Annan, for his decisive leadership on East Timor over the last few years. Mr Sergio Vieira de Mello, the UN Secretary-General's Special Representative and Transitional Administrator in East Timor, deserves our thanks as someone who has been instrumental in achieving so much in time for independence.

While there have been many heroes amongst the Australian armed forces who have served in East Timor, I want to mention particularly Lieutenant General Peter Cosgrove who led INTERFET and was an asset not only to Australia but also to the international community. The government commends Mr James Batley, our head of mission in Dili since June 1999, and a number of superb officers from across government for their unfailing dedication to East Timor's

transition to democracy and Australia's part in it. I say thank you on behalf of all Australians for your work.

I also take this opportunity to thank members of parliament on both sides of the House who have shown a particular interest in this issue. There have been times when we have had boisterous disagreements. On this occasion, I particularly acknowledge the member for Kingsford-Smith who, as the opposition spokesman on foreign affairs—the longest serving opposition spokesman on foreign affairs in history, I believe—served in that job with a particular focus on East Timor and with a great enthusiasm for the issue of East Timor. He was a participant in our observer mission during the ballot in 1999 and has participated on other occasions as well in observer missions to East Timor. Whether I disagree or whether I agree with everything he said—and it is a combination of both—I think one should respect his sincerity and his commitment to that issue.

Let me also say that the biggest congratulations go to the people of East Timor and their leaders. Australia wishes them well as they face the challenges and joys of nationhood. We stand ready to help. Last year Australia celebrated 100 years of Federation and peaceful democracy as the first newly independent nation of the 20th century. At midnight on Sunday, East Timor will become the first newly independent nation of the 21st century. Together, as friends and neighbours, our descendants can look forward to celebrating 100 years of peace and democracy in East Timor at the beginning of the 22nd century.

It is immensely gratifying for the government to have helped secure the ballot on independence, to have worked through the difficult transition to independence and to be able to celebrate with East Timor on 20 May. It is to the great credit of the Prime Minister and his leadership that Australia can reflect proudly on its contribution to East Timor's achievement of nationhood. It is gratifying personally for me, as Minister for Foreign Affairs, to have been a part of this process. I know, too, that the coming of independence is also a matter of pride for the many Australians who have given their support in

many and varied ways to the East Timorese people.

Most importantly, I can only begin to imagine how the prospect of Sunday's transition feels for the people of East Timor, who have endured so much. They have achieved independence at last. As a government, and as a people, our heartfelt support goes to East Timor on the occasion of its independence. It is truly the birth of a nation. I present a copy of my ministerial statement.

**Mr IAN MACFARLANE** (Groom—Minister for Industry, Tourism and Resources) (3.53 p.m.)—I move:

That the House take note of the paper.

Question agreed to.

**Mr IAN MACFARLANE** (Groom—Minister for Industry, Tourism and Resources) (3.54 p.m.)—by leave—I move:

That so much of standing and sessional orders be suspended as would prevent the honourable member for Griffith speaking for a period not exceeding 18 minutes.

Question agreed to.

**Mr RUDD (Griffith)** (3.54 p.m.)—It is not often that we witness the birth of a new nation-state. This Sunday it will be our privilege to do so as we welcome East Timor into the international community of nations as a friend, a neighbour and a partner in the great enterprise that is democracy. Together with the Leader of the Opposition and with my colleague and friend, Mr Warren Snowdon, the member for Lingiari in the Northern Territory, it will be my privilege to represent the Australian Labor Party at East Timor's independence celebrations, which the foreign minister and the Prime Minister will also attend. This will be an important day—East Timor Independence Day, 20 May.

Independence has had a long, arduous and often cruel road for the gentle people of East Timor: 400 years of colonial occupation, a Japanese invasion and, most recently, that of Indonesia. So I begin by congratulating the people of East Timor for maintaining their courage over such a long period of time and for keeping the faith when their friends—including in this place—were few. I congratulate them for the way they have risen to the challenge of democracy—

eacefully and with a great commitment, as reflected by the numbers who have voted in the independence ballot, in the parliamentary elections and, most recently, in the presidential elections.

I also congratulate their elected leader, Xanana Gusmao. It is a rare thing in modern history for a revolutionary leader to become a democratic leader exhibiting great grace towards his enemies and a spirit of reconciliation towards the enemies of his people. I congratulate also the United Nations, its Secretary-General, Kofi Annan, and its commitment through three and prospectively four institutional manifestations of the United Nations in East Timor—UNAMET, INTERFET, UNTAET and now UNMISSET, the United Nations Mission of Support in East Timor. I congratulate the United Nations Secretary-General's Special Representative in East Timor, Sergio Vieira de Mello, and note also the role of the individual UN agencies and the NGOs, who I have met on many occasions in the field in East Timor—UNICEF, the World Health Organisation, the World Food Program, the UNDP and the UNHCR.

I make particular mention of the UNHCR—an institution which is often maligned by some in politics and often seen as a convenient political tool for some in politics—an agency which has been indispensable in settling, in large part, the refugee problem in East Timor. The UNHCR has been a critical agency in assisting Australia's interests in resettling refugees on that troubled island. The UNHCR undertook the massive task, in Australia's interests, of repatriating some 200,000 East Timorese refugees who were forced across the border to the west after the extraordinary violence of late 1999. Regrettably, some 30,000 to 60,000 remain.

I take this opportunity in the parliament to honour those three UNHCR officials who were butchered by militia in Atambua in discharging their functions not just on behalf of the international community but in the service of humanity. It is imperative, when we reflect upon the role of the United Nations and its agencies in East Timor, that we recognise more broadly the role and importance

of the United Nations and UN multilateralism, not simply as a mechanism to assist peace and development elsewhere in the world but as a mechanism of direct service to Australia's national interests as well. If it were not for the machinery of the United Nations, this country's national diplomacy towards East Timor post-1999 would have failed, which is why we on this side of the House believe that UN multilateralism is directly in Australia's national interests. It aids Australia's interests as well as the interests of the world.

The question not often answered by those who criticise the United Nations is this: what would we have in its place? What would be the shape of the international order in the absence of the United Nations? What would we have in place of UN agencies such as the UNHCR, such as the World Health Organisation, such as UNICEF, if they did not exist? The critics seldom answer that question. The truth of the matter is that the world is an infinitely better place for the existence of the United Nations and for the existence of the multilateral machinery which exists under its umbrella. Were it not for the United Nations, there would be no independent East Timor today; that is a simple matter of documentary fact.

We also congratulate the Australian government for its contribution to East Timor's independence. I congratulate the Prime Minister for his contribution and the foreign minister for his contribution as well. I commend the contribution of our magnificent armed forces—I have seen them in the field in Dili and at Batugade and Maliana—and the professionalism of the 15,000 of the Australian Defence Force who have served in East Timor, and not just served their country proud but served the international humane order proud by virtue of their work. We honour and recognise the contribution of the Australian Federal Police. We honour and recognise the contribution of our diplomats in the field, the mission headed by James Batley, who personally demonstrated, as did his colleagues as well, great courage not just in the turbulent events of September 1999 but in the period since then as well. We recognise also the contribution of AusAID in

the development projects which it has on the ground, often in difficult circumstances. We note the contribution of Australian Electoral Commission staff in the various ballots which have been held in East Timor, including the independence ballot and the two that have been conducted since then as well. The Australian national effort in assisting in bringing about East Timor's independence has been impressive.

I have given credit to the government for its contribution to East Timor. I would also like to take this opportunity to record credit where it is due to those in the opposition who have made such a longstanding and substantive contribution to East Timor's independence process as well. When we look at the change in government policy towards East Timor which occurred in the period since February 1998, many factors have been raised as the basis for the policy change. Most particularly the minister in his remarks just now referred to the change in the Indonesian presidency in February 1998 with the fall of President Suharto and the fall of the Indonesian New Order period.

If we are to have an accurate recollection of what brought about policy change in this country in relation to East Timor, we must also recognise the contribution of others involved in the debate. We must recognise the contribution made over many years by the member for Lingiari in this place and others in the Australian Labor Party and in other parties in this parliament who have been consistent supporters of the independence process for East Timor. In the 12 months prior to policy change being suggested on the part of the government, there was also a significant contribution in this respect by my predecessor, the member for Kingsford-Smith. The member for Kingsford-Smith, it needs to be recorded, in March 1997—that is, 12 months prior to President Suharto's fall—initiated a process to bring about change in Australian Labor Party policy on East Timor. In March of that year he recommended to the ALP national policy committee a change to Labor's platform. It read:

It is Labor's considered view that no lasting solution to the conflict in East Timor is likely in the absence of a process of negotiation through which

the people of East Timor can exercise their right of self-determination.

In June 1997 Mr Brereton, the member for Kingsford-Smith, proposed new language along similar lines to the New South Wales state ALP conference. In November 1997 the new draft platform along those lines for our national conference was released and in January 1998, at his proposal and at his recommendation, the Australian Labor Party national conference adopted a new platform on East Timor incorporating that language. Those contributions need to be acknowledged and recorded as being important in the evolution of policy towards East Timor not just on the part of our party but on the part of this parliament as well. When we look back to that period, it is plain that the external circumstances which changed Indonesia in early 1998 made possible some of the changes in government policy which then ensued. But it is my belief, having looked at the historical record, that a large part of the reason for government policy change in 1998 was the pressure brought about by change in opposition policy, which was in large part brought about by the member for Kingsford-Smith himself. We honour him for that.

We should also honour and recognise the contribution of other countries to East Timor's independence. I have mentioned the United Nations. We should also mention the United States. The United States provided Australia with heavy lift capacity in order to execute the substantial military task which it faced in the period post-1999. There was some debate in this country about the need to have, I think the language used was 'US boots on the ground'. I think that created for a period a mild crisis in Australia-United States relations. The minister smiles with some recognition of that fact. I think that could have been avoided, but the bottom line is this: the United States did assist in a manner which we required. They provided Australia with the heavy lift which was militarily necessary to achieve the political objective, which was to create the security circumstances necessary for a transition to independence.

We also thank the government of New Zealand for its contribution. There is no

other greater contributor to the post-1999 military effort in East Timor than New Zealand. The difficult parts of the border which separate both sides of Timor have been respectively policed for a large period of time by AUSBAT and NZBAT. This is difficult terrain and we have seen considerable threat to physical life on the part of the combatants from New Zealand over that period of time. We thank New Zealand for its contribution. We also thank the contributors from other nations to the peacekeeping force.

If we turn to the future, we see the challenges are in fact great. There is the challenge of security. This is a difficult border. It is a porous border for those of us who have seen it up close and have spoken to those representatives of our military who face the challenge day to day of ensuring that security is guaranteed to those people living on the eastern side. There is also a parallel challenge of internal security, and it is to be hoped that a future of trilateral cooperation between Jakarta, Canberra and Dili will bring about the long-term circumstances which will ensure the security of those border regions in the absence of substantial garrisoning of them.

There are also challenges which still remain for the repatriation of refugees. I pay tribute here to the role played by the Jesuit Refugee Service and others who have, at the coalface, together with representatives of the UNHCR and others, done the work in trying to get people back—family by family, village by village—from one side of that island to the other, but still 30,000 to 60,000 remain. It is a difficult set of circumstances. I have seen those camps first-hand: they are not pleasant places at all, and infant morbidity and mortality is high. They should not be forgotten as world history marches by. There is a large number of people remaining and we have a continuing moral responsibility for them.

There are the challenges referred to by the minister of resolving outstanding human rights abuses as a basis for long-term reconciliation within East Timor. Without that, long-term political stability is in fact a difficult goal to achieve. There are also the challenges of economic development. These are huge. If you peruse the most recent East

Timor human development report for the year 2002, you will see the task is a formidable one. Life expectancy in East Timor is 57 years, 45 per cent of children under five are underweight and 41 per cent of East Timorese live in income poverty; that is, less than US\$55c per day. Unemployment is a huge problem, bearing in mind that there was no functional economy at the time independence was achieved, and some 20,000 young people are merging into the East Timorese labour market each year. If you look at the UNDP's human development index, the HDI, you will see that now registers at 0.421 for East Timor. It is the lowest HDI in Asia. It is a HDI equivalent to that of Rwanda in Central Africa. Of the 162 states for which human development indexes have been calculated by the UNDP, East Timor comes in at No. 152.

So far we have had the easy bit as far as East Timor is concerned, although those who have participated in it would not see it as such. It is, however, now time for the hard bit, the long-term bit. Before speaking in this debate today, I spoke to Jose Ramos Horta, East Timor's foreign minister. I asked him what he would have me say to the parliament about what East Timor's long-term development needs were and what the central tasks which he faced as a member of the new administration were. What he asked me to convey was this: that the next three years for East Timor will in fact be absolutely critical in moving East Timor towards long-term sustainable economic development and democratic stability—or the reverse. He said it is critical that the East Timorese are able to attend to the problems of employment, it is critical that they are able to rebuild schools, as most have been destroyed, and it is critical that they are able to build a health system. We all remember the stories at the time of independence that there was one doctor in all of East Timor. It is critical that they have an opportunity to develop agriculture—in that country always fragile, always difficult in an inhospitable physical terrain—and it is critical that they have an opportunity for human capacity building.

Australia is well positioned to help in all of these areas. However, it is not a task just

for us alone. This is a critical juncture in East Timor's future: it is a time when classical donor fatigue often sets in. We have had the celebrations—prospectively—of independence, CNN will probably broadcast its last broadcast from Dili and the business will be seen to have been done, but there are those of us who need to remain. Australia will, under whichever government occupies the Treasury bench. That will be our challenge. But our challenge is also to continue to engage the moral commitment of the international community of nations to assist in that long-term task. We should not be pessimistic about East Timor's future; we should have about us a deal of realistic optimism. East Timor is our new neighbour and our new friend, and together with its new government we intend to build a new partnership with it for the future.

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

#### MATTERS OF PUBLIC IMPORTANCE

##### Budget: Deficit

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

The decision of the highest taxing, highest spending Howard-Costello Government to put the Budget into deficit at the expense of Australian families.

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

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

**Mr McMULLAN (Fraser)** (4.13 p.m.)—This is a matter of real importance to Australian families: it is important for what it says about the impact of the budget on them and it is important for what it tells them about their government. Firstly, let us tell the real deficit story. It is true that the 2001-02 budget is in deficit, and it is quite shocking that it should be in deficit after 10 years of economic growth. That is quite contrary to all the commitments that have been made by the Treasurer, by the Prime Minister and by fi-

nance ministers about what the state of the budget will be when the economy is growing. But, in the famous words of the Demtel ad, there's more, because they did say that the budget was \$1.2 billion in deficit and then the Treasurer said in his budget speech that next year it will be \$2.1 billion in surplus. I am here to tell you that neither of those things is true: the budget is \$3 billion in deficit this year and the surplus next year will be—wait for it—\$180 million! That is 0.06 per cent.

Where does the difference arise? How do we get two different numbers for measuring the same result? It is because of a change—and surprisingly, I suppose, coming from me—a very good change introduced by Peter Costello in the 1999-2000 year. Remember that fellow? He is the Treasurer. During the course of the budget in May 1999 he said:

This Budget is presented on an accrual basis for the first time. It allows us to properly budget for future expenditures. This puts Australia at the forefront of transparency in the conduct of fiscal policy.

That is actually true: it did, and all the states have done the same—but he is in full retreat from transparency. In November 2000, in a press conference on the Mid-Year Economic and Fiscal Outlook, he said of those transitional matters:

Until that completely washes out of the system, which I think will be at the end of next financial year—

that is now, right now—

I will keep referring you to the cash balances as the best measure ...

But after that, he said, it would be based on accrual. We supported that. We thought that was an appropriate initiative. I know people go away with the idea that oppositions never support what governments do; but the then Leader of the Opposition, the then shadow Treasurer and all of us said, 'That is a correct change. We support that.' The difference between us is that we still support it, but the government is hiding from it.

It is very interesting that the Treasurer sold the dump to the Prime Minister today. You probably did not notice. I asked a question about how the Prime Minister had got something wrong this morning. He went on

the radio and, amongst other things, said, 'One of the reasons that we have a problem with the deficit is that revenue has declined.' I asked a question which said, 'That is very strange, because your budget figures say that the revenue went up.' From the Mid-Year Economic and Fiscal Outlook it went up \$2.5 billion. From the last budget it went up \$4.4 billion. That is the sort of decline some people would like in their family income! That is the sort of decline that people on disability support pension would not mind—that their income went up instead of it going down.

He thought he had been given a clever answer, because he turned to the Treasurer—and he will not do this again—and said, 'Get me out of trouble.' The Treasurer had dug a big hole and had said, 'Fall right in here, Prime Minister!'—because he had given him a bit of information that said, accurately but quite irrelevantly, that the fiscal balance, the accrual outcome, had gone up by \$100 million since the midyear economic forecast. That is true; but that same table he quoted proved that my question was correct. That was the table from which the numbers that I was quoting came. Peter Costello knew that, but the Prime Minister did not. Between now and the 430 days until his birthday after next, I bet he never takes advice from the Treasurer about how to answer a question, without checking it first. He always says he wants to check quotes from our side of the House before he uses them. I think he needs to check the ones that are coming from the Treasurer—they are the ones that are going to get him in trouble.

So we have a serious problem of deficit. Let me put it in context. It has been said that we only have this one deficit—and I will come to the causes in a moment—but that it is bouncing back into surplus. The fact of it is that, properly measured over the three years of this year, next year and the year after, the net outcome is a deficit. The average over those three years, when the economy is expected to grow at 3¾ per cent to four per cent each year for three years, the net result is a deficit. Yet we had the guarantee from the Treasurer during the course of the election campaign that it would not happen.

It is really a shocking broken promise—a shattered guarantee. It is going to stand in parallel with that of the Prime Minister, who will become the former Prime Minister known for saying he will 'never, ever introduce a GST'. That 'never, ever' will be his epitaph, and 'guarantee of a surplus' will be the Treasurer's epitaph. It will be like 'never, ever', or 'core and non-core' guarantees. You get guarantees from the man who would be Prime Minister, but you have to assess whether it is a core guarantee that he does not actually deliver or a non-core guarantee. It is a bit like the guarantee he has that the member for Bennelong will retire when he is 64! I think we would rely on it about as much as he can rely on that. But it does follow a fine, Australian cultural tradition.

Those of you who watch commercial television will have seen some guarantees given by those notable public, cultural figures—the Dodgy Brothers. Remember when the Dodgy Brothers used to come on? They would give you a guarantee. And this is a great, straight Dodgy Brothers guarantee. A question we should ask the Treasurer is: would you refer your performance against that guarantee to the Competition and Consumer Commission for inspection? Performance against guarantee: that is a matter that consumer authorities are allowed to examine, isn't it—if you give a guarantee and you do not perform it?

**Opposition members**—Yes, it is.

**Mr McMULLAN**—Well, let us ask Professor Fels. I think that is why we are having an inquiry into Professor Fels: to deter him from investigating this matter. We have a serious question and a serious breach, but it is not just a matter of what it says about the government. The real problem for us as members of parliament—as an opposition—is what it does to families and, first and foremost, what it does to interest rates. You saw a bit of ducking and diving when the Leader of the Opposition and I asked some questions about interest rates: they managed to talk about history but they did not mention anything about their views on the connection between deficits and interest rates.

On the off-chance that I thought they might forget to mention it at question time, I thought I would bring something along for



you. On 25 October—and I know we should not take this seriously, because they said it during an election and you are not supposed to take seriously what the government says during an election; it was probably a non-core contribution!—in criticising the Labor Party the Prime Minister said that we had a plan ‘to drive the budget back into deficit’—which, I have to tell you, in the last two elections, we have not had; but he said that was going to be the outcome—‘and that means higher interest rates’.

On 25 October 2001—just under seven months ago—he had the clear view that having a deficit would drive up interest rates. But he has had a conversion: he has been struck by lightning on the road to the Lodge. He no longer thinks that that matters; there is no longer such a connection. But I think Australian families know that there is. They know that interest rates are going to keep going up and that one of the contributors is that they are paying—through their mortgage, through the doubling of their household debt and the higher interest repayments that that entails—for the pre-election splurge that the government enjoyed in 2001, when it spent bucket loads of the taxpayer’s money.

Let me illustrate that point: the graph I am holding shows rather dramatically the disappearing 2001-02 surplus. When the budget papers first came down in 1998-99, they had a forward estimate of \$14 billion for the surplus in 2001-02. It steadily crumbled, and by last year’s Mid-Year Economic and Fiscal Outlook we were shocked to see that it had fallen from \$14 billion to half a billion dollars. Little were we to know that it would fall into deficit now. The same thing applies for 2002-03: the figures initially indicated a surplus of \$11.4 billion but now it is \$180 million—\$11.2 billion of the taxpayer’s money up against a wall.

They say that this is because of the war on terrorism and border protection. Let me take their figures, not mine—their \$1.2 billion and all their commitments for the war on terror, border protection and domestic security. It comes to \$635 million. The deficit, after they paid for all of that, is \$565 million. The deficit is there because they spent the money, and families are paying through in-

terest rates, through higher prices for medicines, through higher telephone charges, through higher postal charges, through higher private health insurance and through the overall higher inflation rate that the Reserve Bank is so worried about—although the government seem distressingly complacent about it.

Of course, if you read the fine print, you see why they think inflation will be a bit lower than most of the commentators expect. The inflation figure in this budget is based on an assumption that the oil price is going to fall to \$23 a barrel; it is currently \$28 a barrel. I know that they have great confidence about peace in the Middle East and think that therefore there is going to be a 20 per cent drop in the price of oil, but I bet they are not out there betting on the assumption. If he had not lost all his money in the currency casino, the Treasurer could be out buying oil futures because he knows the price is going to fall by \$5; he could be gambling with our money on that. The government are dangerously complacent.

One thing we know is that this deficit is not driven by a lack of revenue. There is no shortage of revenue; this is the biggest taxing government in Australia’s history—not just in the total amount of money raised, although they are the biggest taxing government in that respect, but in the percentage of GDP that they are taking. The graph I am now holding shows the record tax burden, and it is very dramatic indeed. This side of the graph shows where the Howard government performance starts, and it is ramping up to be almost 26 per cent of GDP and almost \$9,000 per person in Australia—a record amount in absolute terms. You could say, ‘Oh, that’s just inflation,’ but it is much more than that: it is a record amount as a percentage of GDP. Once the GST is taken into account, they are raking in \$199 billion. But, in spite of these record taxes and 10 years of economic growth, they are running a deficit. It is a serious failure of economic management—just like their failures on managing swaps and insurance. It is a serious failure of fiscal discipline, and it is a failed attempt to create a platform for leadership. The whole rationale for this budget was as a platform

for leadership, and I think the conclusion you would draw is this: if this is the best that the Treasurer can do as a job application, perhaps the Prime Minister should think about readvertising the position.

**Mr McGAURAN (Gippsland—Minister for Science)** (4.27 p.m.)—In all the welter of commentary, in all the analysis that is done post budget, the best test for every member of this parliament is the electorate office test. We all know that this is the most concentrated snapshot of our constituents' attention to the workings of the parliament throughout the calendar year, and the best way to judge the acceptance or rejection of the budget is through the electorate office. We all know that not one single member here—Labor members too, if they were to volunteer it honestly—has been swamped, overwhelmed or battered by constituents criticising this budget.

From the reaction received on our side of the House, we know only too well that the Australian population are overwhelmingly supportive of the government's budget. They know that it is forward-looking and that it provides for strength and security—not just in an economic sense but also in a national interest sense. The Labor Party will fail the electorate office test with this circular argument of theirs whereby, on the one hand, you cannot have a deficit but, on the other hand, you cannot restrain government expenditures. It is the same trap that the shadow Treasurer fell for in question time, and he was as entangled by it in his recent contribution as he was in question time.

**Mr Latham**—Mr Deputy Speaker, I rise on a point of order. I draw your attention to the unparliamentary language that the minister has just used.

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—I am sorry; I was distracted and did not hear it.

**Mr Latham**—You cannot say 'crap'.

**Mr McGAURAN**—I did not; I said 'trap'. Just because he has a propensity for foul language, the member for Werriwa believed that I had used a vulgar word. I said that the member for Fraser was as entrapped by the argument that he tried to proffer at

question time as he was during the MPI, and Hansard's verbal and video evidence will back that up. I would be happy to take a side bet with the member for Werriwa on that very matter.

Allow me to continue. So far as we could understand the shadow Treasurer during the MPI, he does not believe the government can run a deficit. What he fails to make clear, as the opposition failed to do in their commentary last night through the media, is that the deficit was forced upon and incurred by the government due to unforeseen circumstances—illegal immigrants, the need to strengthen border protection and, of course, the war against terrorism—in this current financial year. The budget delivered a very significant surplus for the forthcoming year. The shadow Treasurer is clutching at straws because he can find no way to attack or legitimately and justifiably criticise the budget for the 2002-03 financial year.

It is a measure of the opposition's desperation that they would accuse the government of engineering or deliberately incurring a deficit for the current financial year and somehow believe this. No government in the world, no parliament and no individual could possibly have foreshadowed the events of September 11 or the need to strengthen border safeguards against illegal immigrants that occurred in the latter part of last year. Our policy is working: we have had no illegal immigrants land in Australia since December last year. I am very glad that the government's policies and the necessary expenditure that accompanied it have been so successful.

The poverty of the opposition's economic arguments is obvious to all. Question time was a little one-sided. I think the most objective, independent observer would have to confess and would have to assess that the Prime Minister, the Treasurer and other ministers were on top of their portfolios and were able to answer questions, paltry though those questions might have been. The budget has received very widespread endorsement from industry associations, community groups and spokespeople for a number of bodies and organisations, ranging from social welfare right through to business and indus-

try. Organisations such as the Australian Hotels Association, the Investment and Financial Services Association, the Housing Industry Association, Master Builders Australia, the Australian Chamber of Commerce and Industry, the Australian Industry Group, Australian Business Ltd, the Business Council of Australia, the National Rural Health Alliance, the Royal Australian College of General Practitioners, the Minerals Council of Australia, Aged and Community Services Australia, the War Widows Association, the Tourism Task Force, Access Economics, the Financial Planning Association, the Council on the Ageing, Business South Australia and the Australia Council—the peak arts body—amongst many others, all endorse the budget as it affected and impacted directly on their particular constituencies or interest groups as well as more generally because they know that the budget was framed to provide for a stronger and more secure future against an international background of uncertainty and necessary draws on the public purse.

The government's very prudent stewardship of the economy over the preceding six years has made this possible. Shock after shock, unplanned for and largely unforeseen, continues to batter our economy, as in other countries throughout the world, and still the Australian economy, under the stewardship of Prime Minister Howard and Treasurer Costello, can withstand it. We have been able to fully absorb the economic shocks following September 11 which have particularly hit the United States, Japan and Europe. With regard to security, the budget has detailed the specific additional funding measures for the deployment of Australian forces in the war against terrorism and the naval operations in the Gulf. The additional funding is around \$524 million for this financial year and next financial year. Defence spending in the 2002-03 financial year will be over \$1.3 billion higher than in the 2000-01 financial year.

With respect to domestic security, the government is allocating an additional \$1.3 billion over five years to upgrade security within Australia in regard to aviation security, identifying possible security threats and increasing our capacity to respond to security incidents. Our border security measures now

total \$2.8 billion over five years—a very substantial but necessary, unavoidable expense. Is there anybody on the opposition side who believes that this expenditure should be curtailed, let alone avoided?

**Mr Slipper**—Most of them.

**Mr McGAURAN**—Which one of them is prepared to stand up and say that this expenditure is unnecessary and therefore that we should not be in deficit this financial year? In regard to the deficit, I was very interested in the comments of the shadow minister for finance, Senator Conroy, reported in the *Age* on 25 May 2001. He told a student gathering:

“There's nothing inherently evil about having a deficit ... We agree that surpluses are important but not that a deficit is absolutely ruled out under all circumstances.”

How do Senator Conroy, the member for Fraser and his colleagues reconcile their present criticism of the government with that comment by Senator Conroy, which is illustrative of the opposition's economic approach anyway? They have concocted and feigned outrage and criticism because they are clutching at straws. You are going to continue to fail.

My heart goes out to the member for Werriwa on occasions—not very often, I confess, but on an occasion like this it does—because what hope has the Labor Party ever got of returning to office without serious, believable, creditable economic management skills? The Australian public, as Clive Hamilton of the Left-leaning Australia Institute told the left gathering of the Labor Party in Canberra over the weekend, Australia's affluence means that parties will be judged according to their economic management.

The Labor Party are just running the same old scare campaign that oppositions—and I was a part of one for 13 years—run year in year out. It is outdated. It will not work. It is not for me to give constructive advice to the opposition—not that they would ever take it—but why would you allow the shadow Treasurer to ask only two questions in question time? If economic credibility and economic management are to be the cornerstone of the Labor Party's revival, then why is he shunted to one side and why do you have a string of ambitious and influential shadow

ministers—the shadow minister for health, the member for Perth; the shadow minister for community services, the member for Lilley—dominate? It is funny that they are also on the tactics committee isn't it?

In fact this should have been a debate about economics and the impact it has on the daily lives of working men and women. If the Labor Party won't have these debates, it will never catch up. The coalition parties are seen far and wide by people across the length and breadth of the Australian community in all of its diversity and even complexity—urban, rural, ethnic, low-income, high-income, unemployed, fully-employed, part-time employed—as giving them a better chance of furthering their lives and those of their families. It is not just in regard to interest rates and locked in low inflation but also in industrial relations reform policy that gives them better negotiating rights and greater flexibility with employers, and education, both at school and tertiary level, that gives their kids better opportunities than they themselves may have had.

So it is very much seen as a budget for the future. The Intergenerational Report, prepared and delivered by the Treasurer, is a unique initiative in the context of the budget. For the first time it examines the future fiscal pressures on a government—in this case, especially the Pharmaceutical Benefits Scheme and the disability pension driven by an ageing population and the high cost of technological advances in health care. Making the Pharmaceutical Benefits Scheme more sustainable is the aim and the resolve and determination of the government. We will not shirk it even in the face of political opportunism by the opposition. The Intergenerational Report projects that the most significant area of pressure in the health budget is the Pharmaceutical Benefits Scheme which, in 40 years time, could grow to around \$60 billion in today's dollars.

But it is not just a budget based on fiscal balance. Instead, we target various weaknesses in the social and economic make-up of our communities. In rural areas it is roads; it is aged care facilities. Across the board, it is veterans having access to the gold class health card they otherwise would not have. It

is in regard to helping carers who need respite and further assistance. It is helping young people to gain apprenticeships at school as a transition into the work place. We want to assist jobseekers by giving employers new financial incentives to take on apprentices. We look at health care in the regions.

Consequently, this is a budget that Australians will have confidence in. They do not always agree with the coalition government but they know that we will make decisions in the national interest on a very thoughtful and balanced basis. That is why people will continue to vote for us. They will not always agree with us but they know that we will often put forward an initially unpopular position and argue it and win the case.

The Labor Party are too timid. They are fearful, it seems, of the intelligence of the Australian people. It is as if they do not think they can ever win a public debate. Engage us. We would welcome it, and it would be to the betterment of the level and standard of political debate in this country. But instead the Labor Party reverts to kind. We saw it today. Where is the new Labor Party? Where are the revolutionaries who are going to establish it as an alternative to the Howard-Anderson government? They are absent. They have either been gagged or they never had the talent in the first place. This is my suspicion about the member for Werriwa. Maybe he was never quite as good as some of the journalists and his mentors, including Gough Whitlam, believed he was. But the jury is still out. He may yet prove to be—and I think arguably he is—the most thoughtful contributor to public policy in the current Labor Party. But at the same time, he may get swamped by new entrants. In the meantime I would urge him to keep the faith, keep arguing his case, because without him—and a couple of others, including the member for Melbourne, perhaps—the Labor Party is just a shallow, hollow alternative government without ideas. It can only criticise; it can only carp; it can only whinge in the face of a government that has the courage of its convictions and will always trust the Australian people with the full details of decisions and

the full reasons for why decisions are reached.

**Mr LATHAM (Werriwa)** (4.42 p.m.)—We have just had a 15-minute advertisement for what the Treasurer really thinks of his budget. If the Treasurer were truly proud of this budget, he would be in here defending it. Instead, he is the first Treasurer in the history of Commonwealth not to defend his budget in a matter of public importance. He has run away from the most important debate the day after the budget. What has he done instead? He has sent in Howdy Doody, the Minister for Science, to try to defend his budget. He has sent in a person who was born with a silver foot in his mouth who has yet to take it out, to try to defend the Commonwealth budget. He has sent in the Minister for Science to try to defend a budget that shatters fiscal discipline and the economic credibility of this Treasurer.

I rather suspect that when the shouting was over last night and the Treasurer left this building, he went home and opened the door and said, 'Honey, I have blown the surplus!' Three years ago this was the Treasurer who was forecasting a budget surplus of \$14.5 billion, and even just 12 months ago the government was forecasting a surplus of \$1.5 billion. Now we have the reality of a deficit of \$1.2 billion. We have sat in this place for six years listening to a Treasurer who has railed against deficit budgeting. If you had listened to him for six years he would have had you believe that deficit budgeting was a cross between Pol Pot and Osama bin Laden—it was absolutely the worst thing that could be inflicted upon this country. And he is into it now up to his eyeballs. He is the great deficit budgeter of this House. He has brought in a deficit of \$1.2 billion—and more to come.

On radio this morning, the Prime Minister could not rule out the possibility of deficit budgeting for next financial year. He could not give a guarantee that next year's budget will be in surplus. He could not provide a guarantee to avoid the deficit, just as this year's financial year has produced a deficit budget. Of course, the Treasurer was good at guarantees prior to the election. The Treasurer was great at the surplus guarantee prior

to the election. At a press conference on 17 October—this is after September 11 and after the commitment of troops to Afghanistan—he said:

We are giving a guarantee that we will keep the Budget in surplus, yes we are.

That is what he said—not 'maybe' and not 'no' but 'yes', y-e-s. This was the surplus guarantee produced by the Treasurer—not only a guarantee that was disproved and shattered in the budget last night but a guarantee that the Prime Minister cannot even hold on radio this morning for the financial year 2002-03.

This is a major turnaround. This is someone who has been lecturing us for six years about the evil of deficit budgeting, and now he is into it up to his eyeballs. In foreign policy, you have the Prime Minister who wants to be known as the 'Deputy Dog' to the United States. Well, out of this budget, the Treasurer will be known as the 'deficit dog'. He has become the deficit dog in this parliament. After 10 years of economic growth, it is an absolutely appalling outcome that the budget has moved into deficit. Unfortunately, the price will not be paid by the Treasurer. The price will not be paid by the member for Gippsland and the landed aristocracy in Victoria. The price will be paid by the ordinary homebuyers of this nation, because interest rates have gone up and will continue to go up under the weight of this deficit budget.

I notice that we had some prepublicity about how the government puts budgets together. Down at the Liberal Party Federal Council, Helen Coonan addressed the fundraising dinner about how the economic ministers work together. This was reported in the *Australian* newspaper on 22 April. She said that the government's bean counting business was based on the 'three Cs'. She said that the Parliamentary Secretary to the Treasurer, Senator Campbell, was the little 'c'. Senator Coonan described herself as the middle 'c', and, of course, the Treasurer, Peter Costello, was the big 'c'. Treasurer Costello did not really object to such a description. He chimed in to say that ministers called him a big 'c' when he cut their spending during budget preparations.

The Treasurer has put the budget into deficit and, in the process, he will be driving interest rates up. Imagine the culpability of the man! A month ago, the Governor of the Reserve Bank, Ian Macfarlane, said, 'Yes, interest rates are going up for the medium term. Interest rates are going up over the next 12 to 18 months.' You would think at that point the alarm bells would have rung for the Treasurer. You would think at that point he would have said, 'Look, I really need a strong budget surplus to produce downward pressure on interest rates.' Instead, he has produced a deficit budget that adds to the upward pressure on interest rates. It is almost like he is defying the Governor of the Reserve Bank by saying, 'You can put the interest rates up, and the government is going to help you along the way with a deficit budget.' This is the deficit dog at work. This is the worst thing you can do to the home-buyers of this nation, who will be paying the price for the budget deficit, for the abandonment of fiscal discipline by this Treasurer.

We know that interest rates are going up for four reasons. Interest rates are going up because of the deficit budgeting, and this is basically the Costello equation. If you look closely at his forehead, you will see the equation that he has written on there: deficit budgeting equals interest rate rises. That is the thing he has been saying for six years: 'Deficit budgeting equals interest rate rises.' That is what we are going to see over the next 18 months. The government has also put the housing sector into a boom-bust cycle. Structural imbalances in the housing sector mean that interest rates are bound to go up and continue to rise. We have an inflation forecast in this budget of nearly three per cent—an inflation forecast at the upper level of the RBA band. When inflation gets near three per cent, the RBA brief is to put up interest rates. In the budget papers, we see the further evidence of interest rate rises, rising inflation getting up towards the Reserve Bank upper limit.

Finally, why are interest rates going up? It is because of the waste and mismanagement. Why has the budget gone into deficit? Not because of good economic management but because of a loss of fiscal discipline and the

waste and mismanagement of a Treasurer who can throw away \$5 billion—\$5,000 million—away on the currency casino. He can flush it down the toilet, he can throw it away, he can lose it on the roulette wheel, and then he comes into this House and tries to present us with his economic credentials.

I mentioned a while back, about the currency losses, that the dog was asleep on the porch. The deficit dog has been asleep on the porch. In the parliamentary break, I did a bit more research. I thought I would bring in a well-known sleuth to try to find out where the money has gone. I looked up the Arthur Conan Doyle story *Silver Blaze*. This is a story about Sherlock Holmes trying to track down a stolen horse. I want to use his skills to try to track down the missing \$5 billion in the currency swaps. Colonel Ross in *Silver Blaze* asked Holmes:

"Is there any point to which you would wish to draw my attention?"

Holmes replied:

"To the curious incident of the dog in the night-time."

Ross said:

"The dog did nothing in the night-time."

"That was the curious incident," remarked Sherlock Holmes.

The deficit dog was asleep at night-time, daytime and every other time. That is why we have waste and mismanagement—\$5 billion lost in currency swaps. That is why the budget has been driven into deficit. I think we need to use these Sherlock Holmes skills and this sort of research for another mystery equation. One of the funniest things about the Treasurer is that he is always trying to remake his image. If you read his biographies, you find that he started out life as a Baptist nerd. He banned alcohol at his 21st birthday party. He was a real straightener, getting around the Baptist Church in Melbourne. Then he becomes a hard man of the HR Nicholls Society in a reinvention of his image.

**Mr Crean**—He joined the Labor Party first.

**Mr LATHAM**—I am corrected by the Leader of the Opposition. He joins the Labor Party, the Social Democratic Association at

Monash University, the Balaclava Young Labor. He tries to remake his image as a progressive social democrat and then becomes a hard man of the HR Nicholls Society—another reinvention of his image. After that, he comes into the parliament and, in the 1996 budget, becomes a smirking, cutting Treasurer. But there is the need for another reinvention—to soften up. Now we read reports of him being the LOM, the leader of the moderates, and trying to soften the image—as if he has got an interest in any of these social issues! And then, of course, there is the ultimate reinvention. The ultimate make-over of his image was presented in the *Bulletin* magazine last week, titled: ‘The push to make Peter Costello PM’. Here is the nice snap of the man of the people at the barbecue hotplate. The caption to the photo reads:

Common touch: Peter Costello with son Sebastian, mans the grill at his election ‘thank you’ barbie.

There is only one problem with this photo: there is no-one else in it! Those of us in politics know what happens at an election thankyou barby. Everyone is around the hotplate. But in this picture it is just Peter Costello and his son Sebastian: the common touch. I think he sent out the old Young Labor invitation list and that is why there is no-one else in the photo. Look at all those sausages! There are about 100 cooking there. I can only suspect that Laurie Oakes ate them all and that that is an explanation for this soft image making in the *Bulletin*. But you need to call in Sherlock Holmes to find out what happened to the rest of the people. The Treasurer is a sham, always remaking his image, and this deficit budget will not help him one little bit.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.52 p.m.)—The opposition today has run out of puff. The Labor Party had a woeful time in question time, and it ought to be ashamed of itself over the subject of this MPI, because it is based on a number of falsehoods and wrong assertions. Let me quote the wording of the letter from the honourable member for Fraser to the Speaker:

The decision of the highest taxing, highest spending Howard Costello government to put the

budget into deficit at the expense of Australian families.

The member for Fraser hardly mentioned Australian families and, given the shocking 13-year record of Labor in office, what a hide and what absolute audacity they have to refer to high taxing, high spending policies. They talk about deficit budgeting—they were the masters of it. As far as Australian families were concerned, they were held in contempt by the Hawke and Keating governments during those 13 years of office.

One ought to also look at the promises made by the Labor Party during the election campaign leading up to the poll last year. Their promises have been objectively costed to be about \$10.468 billion, whereas the coalition’s promises, which we have delivered in full and on time in this budget, simply amounted to about \$4.254 billion—a difference of \$6.2 billion. Both the member for Fraser and the member for Werriwa claim that the coalition has been a high taxing, high spending government. I ask the opposition: did they intend to meet the cost of their election promises? Did they intend to deliver or was it just another example of the Labor Party attempting to crawl into office, being prepared to promise anything, do anything and say anything in the hope of coming onto the treasury bench?

They promised \$6.2 billion more than we did, but are criticising us for implementing our quite modest election commitments. So does that mean that, had they been elected, they simply would have torn up their election policy speech and thrown it out the window, as the Australian people have become accustomed to seeing them do in the past? The situation is that Australians are entirely sceptical about the Labor Party’s approach to economic management. The budget which has been criticised by Labor makes sure that Australia is strong, safe and secure. It is a firm but fair budget, a budget which was very strongly supported by the community, as the Minister for Science has mentioned.

Let us look at facts. Labor refers to high taxing and high spending. Under this government, the Commonwealth’s tax share has actually decreased. Commonwealth general government sector cash taxation revenue as a



proportion of GDP has declined from 23.5 per cent of GDP in 1996-97 to an estimated 21 per cent in 2002-03. The reduction of the Commonwealth's tax share, reported in the budget papers, reflects the impact of the new tax system introduced on 1 July 2000. In particular—and this ought not be forgotten—the GST is classified as a state tax, as all of the GST is paid directly to the states and territories and is not available for expenditure by the Commonwealth. To compare Commonwealth tax levels over time, it is misleading to simply add the GST to Commonwealth tax revenue from 2000-01. This is because the GST replaces a number of state taxes as well as taxes on tobacco, alcohol, petrol and diesel previously collected by the Commonwealth on behalf of the states.

There is another very important point that seems to have escaped the honourable member for Fraser. That is, it is vital to recognise the impact of tax relief provided through rebates that are accounted for as outlays, which are essentially tax refunds. So it is pretty clear that the budget papers have not been given even a cursory glance by the honourable member for Fraser. For example, the government has increased family tax benefit payments and introduced the private health insurance rebate, the Diesel and Alternative Fuels Grants Scheme and the Fuel Sales Grants Scheme. These new and increased rebates total about \$6 billion in 2002-03.

Also, there was a reference made to the fact that, unexpectedly, in 2001-02 a deficit was returned. The honourable member for Werriwa criticised the government for this. He suggested that it was sleight of hand or that the government or the Treasurer were being dishonest. The member for Werriwa likes to predict where Australia will be. Mind you, with its Intergenerational Report this government brought forward the first assessment by a government of where we will be as a nation in 40 years time.

But the member for Werriwa likes to be seen as a visionary. Of course, the member for Brand did not see that, and many Labor colleagues of his simply hope that the member for Werriwa shuts up and is not seen. Is he suggesting that he is psychic? Some—I

would not, of course—would say 'psycho'. Does he have a crystal ball? Could he foresee the events of September 11? He is suggesting that he is a seer, that he is able to predict the unpredictable. The world changed on September 11 last year, and the government consequently was confronted with quite expensive necessary high priority measures, such as upgrading domestic security, border protection and Australia's participation in the war against terrorism. These measures have increased expenditure for that year but, as the Treasurer pointed out in the budget last night, the budget this year will return once again to surplus.

The member for Werriwa also referred to home buyers and the Treasurer—and actually used an expression that I thought was perilously close to being unparliamentary. But we still have the lowest interest rates in 30 years. Interest rates are over four per cent lower for home buyers than they were when Labor was last in office, and the government last night confirmed the continuation of the first home buyers grant of \$7,000. That will ensure that the home building industry continues to be successful. What is more, it will bring the opportunity for home ownership within the reach of so many young and other Australians.

The Labor Party simply cannot be believed in relation to what it promised at the time of the election, and when it criticises this government's determination to keep faith with the Australian people it simply makes itself a laughing stock. Remember the 1-a-w tax cuts that were not delivered? Labor introduced new taxes and higher charges: a capital gains tax, the fringe benefits tax, increased company tax, a compulsory super tax, a compulsory training tax, automatically higher indirect taxes and higher fuel excise tax, increased charges and higher costs of compliance and red tape. By comparison, this government has been very moderate indeed. With respect to fuel tax, we have decreased excise and, what is more, we have done away with indexation. What would the Labor Party have done if the Australian people had the misfortune to see Mr Beazley elected as Prime Minister in November last year?

The Labor Party, when it was in office, showed absolute, complete, total and monumental contempt for Australian families. This government, on the other hand, have always supported the Australian family. We have a very proud record in that area, and in the budget last night there were a number of things. It recognised the importance of the Pharmaceutical Benefits Scheme and brought in some measures to maintain its long-term viability. We had announcements with respect to apprenticeships and we implemented the baby bonus on top of our family tax benefits. Unemployment is down under this government and it should go down even further. Shortly, we will have created one million jobs, and that is a tremendous achievement, particularly given the appalling and abysmal performance of the Labor Party in office over so many years.

Australia has a very proud record. This government is very proud of last night's budget. The honourable member for Gippsland referred to some of those associations which recognised the performance of this government. A wide range of organisations have admired this government's achievement. For instance, the Housing Industry Association said:

The Coalition's seventh budget is a financially responsible one and builds on the microeconomic reforms put in place by the government over the past 7 years which have been the catalyst for job and GDP growth.

This government will not resile or apologise. This government absolutely rejects the premise of this deceiving and dishonest matter of public importance. This government is pleased to be able to deliver on its election promises and the Treasurer and the Prime Minister have everything to be proud of. This government is the best government that we have had for some time. The Labor Party ought not to be hypocritical; they ought to apologise. They were rejected once again by the Australian people and unless they pull their socks up that will be their prognosis for the future.

**The DEPUTY SPEAKER (Mr Wilkie)**—Order! The time allotted for this discussion has now expired.

## ASSENT

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

Interstate Road Transport Charge Amendment Bill 2002

Road Transport Charges (Australian Capital Territory) Amendment Bill 2002

Coal Industry Repeal (Validation of Proclamation) Bill 2002

Commonwealth Inscribed Stock Amendment Bill 2002

Human Rights and Equal Opportunity Commission Amendment Bill 2002

Higher Education Legislation Amendment Bill (No. 1) 2002

States Grants (Primary and Secondary Education Assistance) Amendment Bill 2002

Taxation Laws Amendment (Superannuation) Bill (No. 1) 2002

Income Tax (Superannuation Payments Withholding Tax) Bill 2002

Quarantine Amendment Bill 2002

Transport and Regional Services Legislation Amendment (Application of Criminal Code) Bill 2002

Criminal Code Amendment (Anti-hoax and Other Measures) Bill 2002

Migration Legislation Amendment (Transitional Movement) Bill 2002

Veterans' Affairs Legislation Amendment (Further Budget 2000 and Other Measures) Bill 2002

Veterans' Entitlements Amendment (Gold Card Extension) Bill 2002

Protection of the Sea (Prevention of Pollution from Ships) Amendment Bill 2002

Australian Citizenship Legislation Amendment Bill 2002

Ministers of State Amendment Bill 2002

Radiocommunications (Transmitter Licence Tax) Amendment Bill 2002

Therapeutic Goods Amendment Bill (No. 1) 2002

Therapeutic Goods Amendment (Medical Devices) Bill 2002

Therapeutic Goods (Charges) Amendment Bill 2002

Taxation Laws Amendment Bill (No. 1) 2002

Taxation Laws Amendment (Film Incentives) Bill 2002

Appropriation (Parliamentary Departments) Bill (No. 2) 2001-2002

Appropriation Bill (No. 3) 2001-02

Appropriation Bill (No. 4) 2001-02

Disability Services Amendment (Improved Quality Assurance) Bill 2002

Financial Services Reform (Consequential Provisions) Bill 2002

Regional Forest Agreements Bill 2002

### **BILLS RETURNED FROM THE SENATE**

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

Appropriation (Parliamentary Departments) Bill (No. 2) 2001-2002

Appropriation Bill (No. 3) 2001-02

Appropriation Bill (No. 4) 2001-02

### **PARLIAMENTARY ZONE**

#### **Approval of Proposal**

The **DEPUTY SPEAKER** (5.03 p.m.)—I have received a message from the Senate transmitting a resolution agreed to by the Senate approving the proposal by the National Capital Authority and the Canberra Tourism and Events Corporation, for temporary works within the parliamentary zone, associated with the National Capital ‘Canberra 400’ V8 Supercar race carnival.

### **TAXATION LAWS AMENDMENT (BABY BONUS) BILL 2002**

#### **Consideration of Senate Message**

Message received from the Senate acquainting the House that the Senate does not insist on its amendment disagreed to by the House.

### **ADVISORY COUNCIL ON AUSTRALIAN ARCHIVES**

#### **Appointment**

**Mrs VALE** (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (5.04 p.m.)—by leave—I move:

That, in accordance with the provisions of section 10 of the Archives Act 1983, this House appoints Mr Somlyay as a member of the Advisory Council on Australian Archives for a period of three years.

Question agreed to.

### **ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION AMENDMENT BILL 2002**

#### **Report from Main Committee**

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

Ordered that this bill be considered forthwith.

Bill agreed to.

#### **Third Reading**

**Mrs VALE** (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (5.05 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **FINANCIAL CORPORATIONS (TRANSFER OF ASSETS AND LIABILITIES) AMENDMENT BILL 2002**

#### **Report from Main Committee**

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

Ordered that this bill be considered forthwith.

Bill agreed to.

#### **Third Reading**

**Mrs VALE** (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (5.06 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) BILL 2002**

#### **Second Reading**

Debate resumed.

**Mr RANDALL** (Canning) (5.07 p.m.)—Before question time I was speaking on the

**Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002** and pointed out to this House the form of extortion this bill is trying to prevent—the bogus so-called service fee that the unions want to charge non-union members in this country for not being a member of a union. It is so un-Australian to ask people to pay money to an organisation that they do not even belong to. In basic terms, people are being forced to join a union when their democratic right is that they do not have to. Yet the Labor Party and the unions in this country want everybody in the work force in this country to be a member of a union. It has been said before by a number of members of the Labor Party that they believe that unionism should be 100 per cent compulsory in this country.

The people of this country are voting with their feet. There might be 78 per cent of members of the Labor Party in this House who have union working backgrounds—and we know that they all have to be members of a union to be in the Labor Party—but only 19 per cent of workers in this country now belong to a union. People are saying that they do not want to belong to a union. They are drifting away from the unions in droves because the unions do not provide much of an attraction for them. If unions were so attractive, they would be signing up in their multitudes. But they are not; they are walking away from the unions because of the unions' behaviour.

I intend to set out, as I did before, the actions of the Western Australian unions in forcing people to join a union. As I pointed out before question time, Joe McDonald and his colleagues from the CFMEU in Western Australia marched on building sites, locked workers in their cribs and intimidated them—they would not let them out of the cribs and tried to turn the crib rooms upside down—until they joined a union. So what did they do? The poor blokes ended up signing up to the union. It was total intimidation. If the Mafia were doing this, they would be locked up and the police would be pursuing them.

But there is a compliant Labor government in Western Australia. Thank goodness

federally we still have a coalition government in charge, because you can imagine the nexus there would be between a federal Labor government and six state Labor governments around this country—there would be industrial anarchy in terms that this country has never known. We would be back to the seventies. In Perth, for example, when they were trying to build the R&I Tower they were continually stopping concrete pours with frivolous excuses. For people who do not quite understand, when you stop a concrete pour on a high-rise building, you cannot just start pouring again. You have to jackhammer it all out of the reo bars et cetera and repour the whole thing, at huge expense. This is the greatest form of extortion that these people are carrying out.

I have no confidence in the Western Australian state Labor government stopping this behaviour I referred to as an example of people being forced to join a union. After the election of the Gallop Labor government in Western Australia the first thing that the unions did was march up to the sites to say, 'Guess what, boys, we're back. We're back in force, we're back in town and you'll be doing what we say now.' The people enforcing the industrial laws under the previous government were basically sacked the next day and Kobelke put in his own people. They have not done one thing since. They have not acted; they barely leave their office. In terms of enforcing the current legislation—because there is no new legislation yet—they have not done one thing. The net result is a huge downturn in business confidence in the state of Western Australia.

Unfortunately, people like Minister Kobelke in Western Australia are seen as very weak and prisoners of their union mates in that state. I refer you to the article headlined 'Thuggery claims explained' by Natalie O'Brien in the *Australian* on 4 March 2001, which states:

As spokesman for Mr Kobelke said the minister was still investigating claims of standover tactics and thuggery and he would continue to—

**Mr Bevis**—Mr Deputy Speaker, I rise on a point of order. What Mr Kobelke did or did not say is irrelevant to the bill before the House. Mr Kobelke is a state minister ad-

ministering a state act. We are now dealing with a federal act and a bill before the parliament to amend that federal act. The member has done precious little to address himself to the bill or the federal act; rather he is seeking to use this debate as an opportunity to cast a slur upon a state government and state legislation. If he wants to do that, there are other forms of the House to do it—not this debate.

**The DEPUTY SPEAKER**—There is no point of order.

**Mr RANDALL**—The member for Brisbane endeavours to stall the debate but the fact is this is a demonstration of what happens when people try to force people to join a union. This is the same blueprint that is used in every state of Australia—and in federal jurisdictions if the federal unions were given the same opportunity to play these sorts of games. Mr Reynolds, you might be interested, who seems to be one of the six who run the Labor Party in Western Australia, says this about Mr Kobelke:

As I have said before Mr Kobelke and the government are like a dog that caught the car—they didn't know what to do about it when they caught it.

The former Labor Premier also says this about Mr Kobelke:

He is a nice little man, but he is as weak as dish-water.

So what sort of faith do you have in the state Labor Party enforcing these sorts of laws? These laws that I am talking about—compulsory union fees—are a blight on the Australian landscape because it is, as I said, against all our democratic rights.

I also wish to say that the CFMEU—which is Australia wide, so it has federal implications—as I also explained before question time is running a no ticket no start campaign. In other words, 'If you do not join a union, you cannot come on this work site.' They do stop people. There is a huge amount of small business men in this building industry as subcontractors and they do not wish to join a union. They reserve their right not to join a union and as a result they are not allowed on work sites. So what happens, as we have found out through the Cole royal

commission and others, is that they are forced to buy casual tickets.

For example, a person erecting shade cloth-type sails on a building site was required to pay about \$400 for a casual ticket to be on that site for the day. If he wishes to return he will have to pay the same amount again. At the Cole royal commission Multiplex admitted quite willingly that they are continually providing money for these casual tickets to allow people on to work sites, which is totally beyond comprehension when one considers what a fair and democratic system should offer. This is Australia; this is a democracy. This is not at all the system that we want to see the Australian work force operating under.

*Mr Edwards interjecting—*

**Mr RANDALL**—I would have expected that we would have these sorts of interjections. This member over here is the sort of person—

**Mr Edwards**—Where were all your Liberal mates? They were out there watching TV when the industrial relations bill went through. None of them were in the House.

**Mr RANDALL**—What we do know, and this is the reason it upsets the member for Cowan, is that the member for Cowan is a person who is a good mate of the likes of Kevin Reynolds, and he is in here to protect him. Why, for goodness sake, would he be in here unless he was protecting his mate Kev? At any rate, we know that building sites are in a state of anarchy in that state.

**The DEPUTY SPEAKER (Mr Wilkie)**—Order! The member for Canning will refer his remarks through the chair and shall be heard in silence.

**Mr Rudd**—On a point of order, the standing orders are very clear that when legislation is before the House those speaking to the bill must address their remarks to the bill. I do not see how Mr Kevin Reynolds can be faintly relevant to the legislation which is before the House. Plainly, what the honourable member is seeking to do is simply to use this as some anti-union filibuster for some local consumption in his own constituency. I would ask that the member return his remarks to the text of the bill.

**The DEPUTY SPEAKER**—With regard to the point of order, the point of order is valid in that I believe the member is straying from the subject, which is the federal bill, but he is also referring to a union which is a federal union. I would ask the member to return to the subject of the bill.

**Mr RANDALL**—It is an obvious strategy from the two members sitting over there that they do not want to hear the rest of the debate because they do not like what they hear. Mr Deputy Speaker, you are right. We are talking about a federal union in Australia which is a blueprint for the way that these people conduct their business throughout Australia regarding compulsory union fees. It is done through the backdoor via these service fees. We understand that the reason they would like to do this throughout Australia—and this is the reason for this federal legislation—is that the unions throughout Australia would actually like to get all these people into their membership. It is about money. It is not about fairness or equity; it is about the \$5.6 million that they would like flowing into their coffers. So what is the Australian Labor Party's position? They have done their numbers, and they really would like to see everybody involved—and not just through a donation. They are not asking workers to donate to a charity or any such thing; they want the money.

As we know, when they get the money they do not always use it well, as we also found out through the Cole royal commission. They decided they would put this money into training ventures and training workshops in Western Australia, but no-one has been trained as a result. This has federal implications because federal funds were used to set up this training institution in Welshpool—in your electorate, Mr Deputy Speaker—so you should be aware of the implications of compulsory union fees. Where has the money gone? These people want to go and examine the books on site of even non-union members, yet were you to ask to examine their books you would find they are not even audited properly. We are wondering why some of these union members seem to own hotels and racehorses all around the country. I suggest that they tend to help

themselves to some of these poor old union workers' funds and use them for their own purposes.

**Mr Bevis**—You are alleging criminal activity under parliamentary privilege without a shred of evidence!

**Mr RANDALL**—The member can jump to his feet but all I can say is, for these people to run around living the life of luxury as they do—off to Bali with all the ambience that they require—they must be using their workers' funds to feather their own pockets.

**Mr Rudd**—Again, I rise on a point of order. Mr Deputy Speaker, I draw your attention to the standing orders. They are absolutely explicit on this question, that when legislation is before the House the member is required to address his remarks to it. His most recent remarks are in defiance of not only the standing orders but also your most recent warning to him. I ask that you draw his attention to the text of the bill and suggest his remarks conform accordingly.

**The DEPUTY SPEAKER**—There is in fact no point of order. The bill is for a workplace relations act and for related purposes and the member is in keeping with the bill before the House.

**Mr RANDALL**—They are really hurting on the other side. They do not like hearing this sort of stuff so they come up with frivolous points of interjection. You might want to hear what other Labor luminaries have said on this matter. For example, Bob Carr said, 'You can't put a tax on other members of the work force and the state can't require the collection of union fees from non-unionists.' It is just not fair. You have been caught out today with other Labor people disagreeing with your position. You have some sort of philosophical divide—

**The DEPUTY SPEAKER**—Order! The member for Canning will refer his remarks through the chair. I have not been caught out with anything; thank you.

**Mr RANDALL**—Certainly; thank you. I wish to continue regarding the blueprint of compulsory union fees as they are being applied by a federal union on building sites in Western Australia. In that state the regime does not have the confidence to administer

this so as to stop this action occurring, as it will upset its mates in the unions. We know that is where it gets most of its funding from. As a result it is basically a prisoner of the union movement in that respect. Additionally, in Western Australia, let me say—which I am entitled to do as I am a Western Australian member—when a coalition government came in in 1993, when it first came to power, the unemployment rate in that state was the highest in this country. When it lost government in 2000 the rate was the lowest in the country. This demonstrates what good, flexible workplace relations in either state or federal jurisdictions will do. (*Time expired*)

**Mr BEVIS (Brisbane)** (5.22 p.m.)—We have just heard from the member for Canning a monumentally lightweight performance containing clichés and allegations which, without evidence, were thrown around in this chamber under parliamentary privilege. We have just heard from him allegations of criminal activity. He has alleged that people who are union officials have taken money and used it for their own personal gain. I invite the member to say it outside the chamber. I invite the member, who is so certain of his facts, to stand up with a bit of steel in his back, to walk out that door and to go and make that statement that he made in here to the press gallery. I am a member of a union and I am proud to be. I spent 13 years as a full-time union official, and I am proud of that too. If you want to allege those things against me, I will gladly get rich on the takings. Go outside, have half the guts you portray yourself in here as having and say it where you can be held accountable in the courts, because in here, hiding behind the privilege of the parliament, the member for Canning has conducted himself in a most appalling manner.

I should say something about the situation in Western Australia, given that apparently it is germane to the debate. Contrary to my point of order, it appears to be part of the bill's consideration. The member for Cowan is perfectly right. The reason you get this response from the member for Canning and I suspect from other Liberals in Western Australia is that they are monumentally embarrassed because they know that, when the

legislation went through the upper house in Western Australia, there was not a single solitary Liberal within cooe. They were not there.

**Mr Randall**—Mr Deputy Speaker, I rise on a point of order which is the same point of order that the member for Brisbane used when I was speaking—that is, he is now referring to a state upper house which has no jurisdiction in this parliament.

**The DEPUTY SPEAKER**—There is no point of order.

**Mr BEVIS**—The Liberal Party is extremely embarrassed about this fact. The Liberal Party laboured so hard, fiercely publicly attacking the sins of it. This was the issue—and we have heard it again in this debate—that was going to ruin the modern world as we know it. We have had the Chicken Little routine over there for the last half hour. If this issue were of such monumental importance not just to the economic and social fibre of our nation but also to the very existence of democracy, where were they? Not one of them were around to say 'boo', let alone vote. It was so important that they were all watching TV! If that had happened anywhere else with any other party, I imagine that we would all be a bit embarrassed. It is understandable that it hits a raw nerve with the member for Canning but, if he wants to respond to that sensitivity, he should engage in the debate on the bill with a few facts.

**Mr Randall**—Mr Deputy Speaker, I rise on a point of order. The member for Brisbane is again reflecting on the individual, not speaking to the debate. I ask him to return to the debate, rather than focusing on the individual and the state upper house of the Western Australia parliament, which was a disgrace by not being in attendance. There is no defence for it.

**The DEPUTY SPEAKER**—There is no point of order.

**Mr BEVIS**—Now that the member for Canning has that on the record, he will need some defence for himself. Let me turn more specifically to the matters before the House in relation to the [Workplace Relations Amendment \(Prohibition of Compulsory](#)



**Union Fees) Bill 2002.** This parliament has now had four weeks of sittings after more than six months since the election. Six months have passed, the parliament has met for just four weeks and we now have before us the priority matters of the government. Here we have a bill that the parliament has already dealt with. This is concrete proof of a government that has no direction and no plans. We are now going to rehash a debate on a bill which the parliament not that long ago rejected. You do not need a PhD in political science to understand the make-up in the Senate is the same on this point as it was before.

One of the things that intrigues me about the Chicken Little routine of the member for Canning and of others is that, if this bill is so bad and so evil, why is it that it is not just those of us labelled 'union hacks', in their terminology, who disagree with their view? Can't they get a majority in the Senate? Are they telling us that the Democrats are captives of the trade union movement as well? Are they all ex-union officials? Are they all part of this plot against decency and democracy in the free world as we know it? The reason why this bill has failed in the past and will fail again is that it is bad law, and it will not succeed.

Let us have a look at the way in which the government has sought to craft the bill in the debate. The title of this bill is another piece of that Orwellian misspeak that we have become used to from this government. It is a bit like the 'more jobs, better pay' bill. We all remember that second wave of industrial relations laws of Peter Reith. He called it 'more jobs, better pay' when there was not a soul in the country who believed that it would deliver either and would in fact produce the opposite. We had the unfair dismissal bill that they put back in and renamed the fair termination bill. We have here a similar piece of wordsmithing for a bill which is improperly titled. The bill talks about compulsory union fees when, in fact, as anyone who knows anything about what is in the bill knows, it does not deal with compulsory union fees at all. It deals with a payment of a bargaining fee in certain circum-

stances, which is neither compulsory nor a union fee.

Leaving aside that Orwellian twist of words, the government have sought to make two points in this debate: firstly, they say that this is a breach of freedom of association; and, secondly, they say that people are being forced to pay this fee. As I pointed out, that is not true, and I will come to the process in a minute. Also, I have heard some people say that it is wrong that they are being required to pay a large amount of money.

Let me deal with the first of those very quickly. The matter of freedom of association has been considered by the ILO. The Freedom of Association Committee of the ILO determined in 1994 that, provided arrangements of this kind are agreed upon by employers and employees, they are a legitimate way to fund the bargaining process. Not only is that the view of the ILO, but several countries have a system which includes bargaining fees of this kind. Those countries include the USA, Canada, South Africa, Switzerland and Israel. The last time I looked none of them had the red flag flying at any time in the last century. To say that this somehow breaches the freedom of association flies in the face of both the determination on this point by the ILO and its existence in a range of countries which I do not think would fit the sort of description that members opposite seek to give in this debate.

Let me just say in relation to the fee itself that it is not a compulsory fee. This in fact is a fee that is paid as part of a registered agreement. For it to apply, people actually have to vote for the agreement and that clause in it. Who gets to vote? The people who get to vote are all the people who are covered by it, whether they are in a union or not. The member for Canning and others in this debate, and not just in this debate but elsewhere, regularly remind us that union density in the work force has declined. He cites a figure of 19 per cent. I do not think that is accurate, but it is in the low twenties. On the one hand we are told that unions have less than 20 per cent of workers who are members, but then we are told they have such control over the other 80 per cent that in a vote on this clause being inserted in an

agreement they can tell the other 80 per cent how to vote.

The operation of these bargaining fees applies only after the workers—all of them, union and non-union—vote to include it; after they have all voted. You are talking about a work force where there is 20 per cent who are in a union. There is a bit of arithmetic in this, and it is not hard—even the member for Canning can tax his intellectual capacities and limitations to understand the arithmetic of it. Where there are 80 per cent of people who are not in a union and you need 50 per cent plus one to actually get an agreement carried, there is a fair chance you have got to get a few of those 80 per cent to vote with the 20 per cent. The simple fact is that these fees are not imposed by the union; none of them are. That is why the Australian Industrial Relations Commission has actually upheld them as being lawful. They are part of an agreement where the workers, union and non-union, vote to include that payment. Why should they include that payment? There is a simple principle involved in this, which is that if you have received a benefit and you have a capacity to contribute to the gaining of the benefit then you have an obligation to make that contribution. In another guise this is called mutual obligation.

The member for Canning and others on the government side are very keen on this reciprocal obligation idea from time to time. I want to quote a couple of examples of what government ministers have said in the past about reciprocal obligation. The Prime Minister, Mr Howard, said this:

... it also has—

that is, effectively the government 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.

Quite right, Prime Minister—a fair principle to uphold. And you apply those words in the workplace and put in place a democratic process, which is a vote of all workers to apply that principle, and you get an outcome. When it suits them the government actually want to argue that the only people who should be involved in determining conditions are the employer and the employee. That is code for saying, 'We don't want unions in-

involved and we really don't even want the industrial commission involved.' But the truth of the matter is that they only hold that view if the agreement arrived at contains clauses they like. If an agreement between employers and workers, voted on by all the workers, includes a provision to pay a fee to the union for the bargaining that has gone on to create that agreement, the government now want to legislate to override the courts, to override the commission, and make sure that that cannot happen—even if the employees and the employer want it to occur and the industrial commission has certified it. So those laudable principles the Prime Minister referred to do not, it seems, apply to this government's thinking when it comes to industrial relations.

The Prime Minister is not the only one to be on record about reciprocal obligation. Indeed, the minister for workplace relations has had his two bob's worth on this issue. This is what Mr Abbott said in November 2000:

... policies and principles such as mutual obligation again accord with traditional Christian teaching ...

He thinks that is a fine principle and it should be applied, but it should not be applied in his own legislation, because he is in here seeking to deny the operation of that very principle in the workplace. None other than the former minister, Peter Reith, is also on record endorsing this principle. This is what Peter Reith had to say on the issue of reciprocal obligations:

... 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.

Dead right—that is the principle of mutual obligation. If you are working in an enterprise and you receive the benefit of a collective agreement then the same principles of mutual obligation that the Prime Minister, the minister for workplace relations and Peter Reith all sign themselves on to apply fairly and equally to you in the workplace—even if it does not fit the ideological obsession of those opposite.

I have been in just about every industrial relations debate in this parliament now for

more than a decade, and one thing you can be sure of is that when a conservative government is short of ideas—and this one is—the last refuge for conservative and Tory scoundrels is always union bashing. It is time-honoured worldwide, and this crew is no different from any other. But one thing has changed over time with that, and that is the vehement and obsessive way in which you now find members of the government backbench arguing their case. We now have a bunch of rabid ideologues, few of whom have any personal exposure to any of these issues but who have a rabid attachment to rattling the old union can. It would be a good thing if the government actually got a few decent policies to pursue out there and got on with the business of improving the lot of the nation so that they could remove themselves from this rabbit warren of attacks on trade unions.

When we get to the part of the government's complaint that this is somehow a compulsory fee, let us get this clear: there is a vote of workers. If the workers vote that clause down—and bear in mind that most workers are not in the union—then it does not go in the agreement; they have to vote for it first. Some mention has been made of one of the headline cases that have prompted this debate. It deals with some agreements in the electrical industry and mention has been made of the fact that people are being asked to make payments of \$500. That is an example, as I understand it, that is roughly in accordance with the facts—so someone has given someone over there some correct information that they have managed to remember long enough to regurgitate in here. I think there is a very good argument to say that the bargaining fee should be less than whatever the union affiliation fee is.

Some people on the other side sought to paint the fact that some bargaining fees are higher than union fees as the reason for this bill. Let me say to the government: if that is the problem then bring in a bill that addresses that problem. But this bill actually does not address that problem. If the difficulty were that some bargaining fee payments were unreasonably high, that would be a matter that could be addressed. Frankly, it

could be addressed in the process of the vote or it could be addressed in the process of the commission hearing but, if the government thought that required legislative intervention, they could introduce a bill to deal with that. They have not.

What they have done is introduce a bill to make any clause of any description that provides for bargaining payments to be made to unions to effectively be made unlawful—to put in place a process that will guarantee none of them succeed. If we want to be technical, the bill does not actually outlaw them but what it does is enable the Employment Advocate—and anyone else who wants to—to front up to the commission, and the commission must turf such clauses out. There is not a doubt that, were this legislation to pass, the Employment Advocate's office representatives would be down at the commission very quickly with a long list of claims to have these things removed, so in practical terms it is a prohibition on clauses of this kind. That is in fact not what members of the government have argued.

The government is right to argue about reciprocal obligations—I share that view. I think that is a fair way in which a civilised society should function. It strikes me, though, as just plain hypocritical that the government applies that principle where it suits itself but refuses to apply that principle where the beneficiary of reciprocal obligations might actually be union members and organised labour. The principle is sound, and it should apply in the workplace. If people want to get a benefit and make no contribution then they are, by definition, bludgers. If they want to take and to contribute nothing when they are capable of making that contribution then they are cheating and they are stealing. That applies whether or not you are doing it in the tax system, in the welfare system or on the job working beside your mates. You do not have the right to call them mates if you are willing to steal from them in that way. But at the moment we have a system that allows those workers to decide for themselves, to make that decision—and it is the government's system, we have to remember; this is the government's IR legislation—and for the commission to review it.

This debate is about the government not wanting workers to even have the option of including such a clause in an agreement, nor wanting the commission to have the discretion to allow it to stand. This bill will fail, and the government knows this bill will fail. If you want to spend the rest of the debate attacking the Labor Party with all the normal union-bashing stuff, I invite you to explain why you cannot convince anyone else in the Senate to support you. Why is it that a clear majority of the Senate has rejected this and will continue to do so? The inescapable answer is this is poor legislation and it deserves its fate, which will be its defeat.

**Mr McARTHUR (Corangamite)** (5.42 p.m.)—I am delighted to participate in this debate on the *Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002*, and I acknowledge the contribution of the former shadow minister for workplace relations, the member for Brisbane. I wonder why the current leader has not got him on the front bench. Those on this side would understand his long union membership and his understanding of the issues but, of course, his misguided understanding of this bill. He had a very spirited debate with the member for Canning because the member for Canning represents a state that has turned the clock back on industrial relations. The Labor government in that state have returned to the bad old days of industrial disputes in the Pilbara region and generally have overturned the very forward-thinking industrial legislation that the former Liberal government put in place.

As to the honourable member for Brisbane's arguments about mutual obligation, let me refute those arguments by suggesting that mutual obligation is in relation to the taxpayer, so if the taxpayer is looking after an individual then there is some responsibility on the individual to participate in some form of activity. That is the fundamental argument that the government would put forward. We would say that you have the right to choose to be in a union or not to be in a union and not to have a mutual obligation because some union boss says you have to join on a shop 'no ticket, no start' sort of attitude. So I am sorry that the honourable

member for Brisbane is not on the front bench; I think he should be. He has an understanding of the issues but, because of machinations and factions within the Labor Party, he has been moved up the back. I have no doubt that because of his skill and understanding he will be down on the opposition front bench after the next election.

I also acknowledge the Minister for Small Business and Tourism, who is at the table. The minister for small business has been out and about: he has been to the heartland of Corangamite and Wannon and he has had an interesting seminar with small business operators in the city of Warnambool. They were quick to inform him that, because there were certain union-imposed conditions on employees in the Warnambool region, those employees and those small businesses undertaking business contracts were leant on by unions and so were unable to compete in the marketplace. That was something that was volunteered and of a genuine nature that was put forward to the minister for small business. I might say the minister also enjoyed the benefit of moving down the Great Ocean Road as the minister for tourism, and I hope that he will continue to advocate the importance of the Great Ocean Road to other tourist operators around Australia.

The fundamental argument before the parliament on this occasion goes back to the industrial relations debate I am delighted to have participated in since about 1985. One of the fundamental tenets of the Liberal Party, the Prime Minister, and succeeding ministers and shadow ministers was that union membership should be voluntary—that members of the work force should have the right to join a union and they should have the right not to join a union.

The Liberal Party's 2001 election policy, *Choice and Reward in the Changing Workplace*, re-established this position. Under the heading of 'Keeping union membership voluntary' it stated:

Employees in Australia have the basic right to choose whether to join or not to join the trade union, and to exercise that choice free of coercion or duress. Indirect interference or discrimination with these rights, such as requiring non unionists

to pay compulsory bargaining fees to trade unions should be outlawed.

It went on to say that the coalition would:

Legislate to prohibit trade unions involved in workplace bargaining from imposing a compulsory \$500 per year fee on non union employees.

That sets out the fundamental argument which other speakers for the government have referred to. I wish to add to that argument.

**Mr Gavan O'Connor**—You are trotting out old Tories now!

**Mr McARTHUR**—As the member for Corio would understand, I have advocated for the 15 years I have been in this parliament freedom of choice, enterprise agreements—

**Mr Gavan O'Connor**—Attacks on your own workers!

**Mr McARTHUR**—The member for Corio would not understand, because he has never really been in a workplace himself; he has just been a paid government employee and involved in other union activities.

**Mr Gavan O'Connor**—The squire from Corangamite!

**Mr McARTHUR**—We are basically saying that the requirement of union leaders to request a fee for agreements that have been negotiated by the union is de facto compulsory unionism. No argument that has been put forward by the other side can overcome this fundamental tenet: because the coalition and the Howard government have managed to revolutionise the industrial relations of this country with their industrial relations legislation since 1996, the union movement have fought back by saying, 'Through the backdoor, we'll have a so-called membership fee if we argue on behalf of non-union members.' It is surprising that the service that the union claimed was being provided by them for nonmembers was about the same level as the union membership fee. You have this interesting irony that this so-called service for non-union members was just about the same as the union fee that they could not get from them.

This bill overcomes some legal impediments that the Industrial Relations Commission had applied to the previous legislation.

It clearly says that bargaining service fees clauses in certified agreements are void. This legislation clarifies some legal grey areas. The 2002 bill proposes to prohibit employers and others from engaging in discriminatory or injurious conduct against a person because he or she has refused to pay a bargaining services fee or because he or she has paid or proposes to pay such a fee. It is quite clear that this will put the whole argument in black and white and beyond doubt. The 2001 bill would have prohibited an industrial association from encouraging or inciting others to take discriminatory action against a person because he or she has refused to pay a bargaining service fee. What that means in common language is that unions have been leaning on employers to provide this fee to the union by the non-union members to the bosses of the union. This will outlaw it.

To go into the background of why this legislation is important, most fair-minded Australians would agree that, if you do not want to pay the union fee—if you do not want to be a member of the union—that is fair and reasonable. If you want to join the union, that is also fair and reasonable. Those of us on this side are quite happy with that proposition. It goes back to the AWU, back to the 1890s, when the so-called freeloaders who were not members of the union were enjoying the services provided by the union and the union hierarchy. I would suggest that, in this modern day and age—and the figures reflect it—people do not join unions. In the private sector we are now down to about 15 per cent of the work force in unions, while the others have preferred not to join a union. We have the position where this fee is being imposed upon individual members with a certain amount of coercion because they are bargaining, supposedly in good faith, on behalf of the non-union personnel in the workplace.

It is interesting that even some well-known Labor figures are concerned about the philosophic thrust of the Labor Party's position. Even the Premier of New South Wales in the *Sydney Morning Herald* of 7 October 1999 had this to say:

You can't put a tax on other members of the workforce and a state can't require the collection of union fees from non-unionists.

There we have it, and the member for Corio should note that. His colleague, the Premier of New South Wales, is supporting my position. He is really saying that it is unfair; that you cannot do it. I think the member for Corio should take note of that. The Western Australian Minister for Workplace Relations, John Kobelke, said in the *West Australian* of 7 July 2001:

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

He is saying that the union should be in the competitive marketplace for services and they should not rely on the law to maintain their fee structure and maintain their membership. There we have two eminent, ALP, union-background persons supporting the position of the government.

There are hundreds of certified agreements with bargaining fee clauses, which, as I said, have had some doubt cast upon them. This legislation will put their status beyond doubt in any legal discussion of what would be proper. The legislation bans the service fee clause in certified agreements; they are void, as I said.

Going now to the background: service fees deducted from an employee's pay are prohibited by the Workplace Relations Act, and this legislation will put that beyond doubt. The legislation relates to the Electrolux case in the Federal Court, which dealt with the protected action by unions that is permitted during bargaining negotiations. Members would be aware that legislation allowed unions to negotiate with employers during the bargaining period, when strikes could take place. As I understand it, in the fine print of law Justice Merkel said that the bargaining fee was not permissible nor protected under the Workplace Relations Act. Justice Merkel said no, it was not; but a subsequent Federal Court decision did not accept Justice Merkel's reasoning in the Electrolux case. So legal uncertainty existed, and this legislation will put the status of fee for service clauses beyond doubt.

I now turn to the building industry, which has a relationship to this whole argument as there is coercion in the building industry. There is currently a royal commission into the building industry, and it has a relationship to the argument that we are now putting forward to the parliament: that to maintain a coercive pressure on members to receive advice and support in determining their wages and conditions is a backdoor way of maintaining union membership. The Employment Advocate report into the building industry made the point that most complaints relate to the building and construction industry—in particular, they relate to the BLF in some states, and to the CFMEU in other states. In this industry, there has been misuse of the occupational health and safety legislation. Union members can demand that a site become very safe, and around those presumptions a lot of industrial activity can be undertaken. The unions are hoping to get a 'no ticket, no start' situation. According to the Employment Advocate—it is not just me saying this—in the building industry there was misuse of state occupational health and safety acts. He said in his report that an ill-willed person can cause major disruption to a site. We know the practical reality that, in the building sites in Melbourne, those individuals who want to use the industrial relations legislation can use the act for their own benefit.

The report says that head contractors were told by unions to hire recognised union delegates as the site safety and induction officers. It goes on to point out that the CFMEU organiser is often the safety officer, with a special hut and authority to be on the site. So you get the situation of 'no enterprise bargaining agreement, no start', and this legislation relates to that. I understand that in Western Australia the situation is now arising where you see signs saying 'no ticket, no start' outside building sites. That is all related to the unions requiring compulsory fees and trying to get compulsory unionism because of their declining union membership.

With 'no ticket, no start', the union requests that all employees of the company become members or it ensures that employees who are members are financial members.

In these circumstances, both the employee and the employer, particularly if they are loyal to the company, will often strike a deal. There is a culture of compulsory unionism particularly in the CBD of Melbourne, where you must join a union regardless of any legal rights available. That then moves on to the subcontractors and their relationship to the head contractor.

So you see the connection between the 'no ticket, no start' policy and the bill before us; between the attempt by the unions to ensure that compulsory unionism is alive and well in 2002 and the activity of the Howard government to outlaw what is, in my view, an illegitimate practice. Freedom of choice is and has been a tenet of the Labor Party, as is freedom of association. I would have thought that freedom of choice was a very fundamental belief, and yet Labor are going to vote against this bill, just as they voted against it last time. This legislation is an attempt to put the situation into perspective and to clarify the legality of these practices.

I conclude by alluding to the current argument about the MCG project. The Melbourne Cricket Ground is going to be expanded in a \$400 million project, of which the federal government is going to allocate \$90 million. I refer to the article in the *Financial Review* of 15 May titled 'Federal funds row threatens MCG project'. Basically, the Minister for Employment and Workplace Relations, the Hon. Tony Abbot, is saying that, if this project goes ahead and if it uses funds from the federal government, it should comply with the Workplace Relations Act, agreed to by the federal government. That is all he is requesting—unlike the position with Federation Square and the National Art Gallery. Anyone from Victoria—even the honourable member for Corio—would agree with me that those two projects went over budget. Their design left a lot to be desired, and the unions in that capital city were able to place considerable undue pressure on the contractors. I think the overrun on the project is about \$30 million to \$50 million, and in the article the minister is saying—

**Mr Gavan O'Connor**—You're trying to slither out of it!

**Mr McARTHUR**—I point out to the member for Corio that I am just quoting from the article. It states:

This means the Office of the Employment Advocate must be given full access to the site to ensure against compulsory unionism.

I think that is quite a reasonable proposition. Even the member for Corio in his saner moments might actually agree with that—that the Employee Advocate could go on the site, look after both union and non-union members and, if they preferred not to join the union, if they preferred not to be coerced into union activities—as is so well-known to have been exposed through the royal commission in recent days—that is quite a fair and reasonable proposition by the federal minister. It is interesting that on the same page is a little article which says:

Union paid 'blackmail'

It is just a minor article, compared to the Cole commission that has been going on for some weeks in relation to the building industry. It says:

One of Australia's biggest construction companies, the Walter Construction Group, yesterday admitted paying "blackmail" to a powerful building union to avoid a bitter demarcation dispute and costly delays.

Walter's Victorian construction manager, Alexander Johnston, told the Cole royal commission into the building industry he was forced to pay the Construction, Forestry, Mining and Energy Union three cheques worth almost \$10,000 after a demarcation dispute arose between it and the Australian Workers Union on two Victorian sites.

That is a demonstration of the sort of problems we have on the sites, particularly in the building industry. This legislation is clearly saying that those unions can represent their members legally and genuinely; however, those people who do not wish to be represented by a union should not be forced to pay union dues; employers should not be forced to pay the \$500 compulsory fee; and there ought to be a culture of a right to join or not to join a union on building sites, in factories and in workplaces throughout Australia. This bill will enhance that position, and I hope that the Senate will see fit to pass this bill in its amended form.



**Mr GAVAN O'CONNOR (Corio)** (6.02 p.m.)—The **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002** is the latest instalment in the Howard government's war against the trade union movement of this country. It is a vindictive war against working people in my electorate and throughout Australia that began long before the Howard government came to power. Since the Prime Minister's election in 1996 he has pursued his own personal vendetta against the trade union movement and working people in this country, with an intensity that really does not surprise anybody on this side of the House. The Prime Minister's personal political agenda has really never changed since the day he entered parliament. He wanted a GST and, of course, he got it. He used a great deception to achieve it. We all recall that never-ever promise, that non-core promise, not to introduce the GST. He employed deceit to get that part of his agenda up. The second part of the Prime Minister's agenda is that he wants to destroy Medicare.

**Mr Hockey**—Madam Deputy Speaker, I rise on a point of order. If the member for Corio would like to make an allegation against the character of an individual, there is a form in the House to do it and I ask that he withdraw it or move a substantive motion.

**The DEPUTY SPEAKER (Ms Gambaro)**—I ask that the member withdraw his statement.

**Mr GAVAN O'CONNOR**—Madam Deputy Speaker, I certainly would withdraw any personal inference that the Prime Minister has deceived the Australian people! After all, he did say that he would never, ever introduce a GST but he did.

**The DEPUTY SPEAKER**—Is the honourable member making a withdrawal?

**Mr GAVAN O'CONNOR**—If, for some reason, I am transgressing the forms of the House I would certainly bow to your request. The second item of the Prime Minister's personal agenda is that he wants to destroy Medicare. We all recall his statement that he wanted to stab Medicare in the stomach. He has not been able to do it. The third item of his personal political agenda has been to de-

stroy the union movement in this country, and he has not been able to do that. We can appreciate this conservative Prime Minister's frustration at this record. One out of three is a pretty hopeless record if you have been in parliament as long as the Prime Minister has. The Prime Minister is in the sunset of his career; he has the Treasurer breathing down his neck. The only saving grace is that the Treasurer does not have the ticker to take him on in the leadership stakes. So I guess the Prime Minister feels pretty safe—

**The DEPUTY SPEAKER**—I ask that the honourable member return to the subject we are debating today, which is the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002.

**Mr GAVAN O'CONNOR**—We cannot all be as dumb and as stupid as the honourable member for Corangamite, in that we do not appreciate the most central element of the Prime Minister's personal agenda—

**The DEPUTY SPEAKER**—I ask that the honourable member withdraw that comment.

**Mr GAVAN O'CONNOR**—I would withdraw any inference that I might make against the member for Corangamite, but he has been a longtime supporter of the Prime Minister's personal agenda to destroy the trade union movement in this country. It is entirely relevant. I am amazed that the honourable minister here, who is known for his own personal thuggery in debate, takes exception to a bit of spirited exchange between the honourable member for Corangamite and me. I can say to the honourable minister that he does not need your protection. He has been on this line of supporting the Prime Minister John Howard's political agenda as far as the trade union is concerned for as long as he has been in the parliament and for as long as I have known him. So there is no secret about his intention, nor the Prime Minister's, in the sorts of bills that we are debating today.

Here we have the latest instalment—and it is a nasty instalment—in the Prime Minister's war against Australian workers. The purpose of the bill is very clear. It is to prevent collective agreements certified under

the Workplace Relations Act 1996 from incorporating any provision which requires the payment of bargaining service fees by non-union members to the relevant trade union which is party to the agreement.

Before I proceed to discuss the major elements of this piece of Tory legislation, it might do members of the House on all sides to reflect on the historical developments that gave rise to the union movement in this country. In doing so, members opposite may come to a better understanding of why the right to organise, to recruit members, to develop collective bargaining policy and to act as a sole bargaining agent for many workers is so important to the trade union and its historical struggle for better wages and conditions.

If we go back to the history of trade unionism in this country and the history of this country itself, we will find that in 1822 James Straighter, a convict shepherd, was sentenced to 500 lashes, one month's solitary confinement on bread and water and five years of penal servitude for—and this was his crime—‘inciting his Master's servants to combine for the purposes of obliging him to raise the wages and increase their rations’. That is what the honourable member for Corangamite would like us to go back to. He would like us to go back to 1822 when he could get out the whip and give the workers a good lashing out there on the property on the other side of Lake Corangamite. He wants to get back to the good old days when you put them in the corner, you starved them, you gave them a good lashing and you sooled the sheepdogs onto them. Nothing much has changed. Here we have the honourable member for Corangamite, 180 years later, wanting to turn the clock back to those days. And, of course, we know the record of the Howard government: they were still sooling dogs onto workers in that disgraceful episode we saw on the waterfront in this country.

Let me take you just a little bit forward, Minister and the member for Corangamite, to 1828 and to the Masters and Servants Act of New South Wales. This is really what the honourable member for Corangamite is about. It provides that:

... servants could be imprisoned and have their wages forfeited for refusal to work or for destruction of property, and that Masters found guilty of ill-usage should be liable to pay damages up to 6 months wages.

The agenda behind this Tory piece of legislation is to take us back 180 years to those good old bad days. We are very proud on this side of the House of the collective achievements of the trade union movement. I think I might have once accused the honourable member for Corangamite in this place of never doing an honest day's work in his life—but of course he knows that was in jest. But in 1856 the Eight-Hour Day Movement was formed by the stonemasons in Melbourne and Sydney. A Melbourne Trades Hall committee helped unions cooperate with each other to deliver what working people enjoy today in terms of conditions. In 1894 the Shearers Union struck in similar opposition to the elements of the Masters and Servants Act.

If I go down the years in Australia's history, the trade union movement has achieved many things for ordinary working people. We are not talking about the executives in this country that earn hundreds of thousands of dollars and get bonuses courtesy of the economic system of this country. We are not talking here about the tax bludgers that the Prime Minister protected back in 1983 and 1984. We all know the Prime Minister's record in that respect. We all remember the bottom-of-the-harbour scheme and how Prime Minister Howard, the then Treasurer, protected the tax bludgers in this country. We are not talking about those people here; we are talking about ordinary working people.

Here are some of the things that collective action on the part of working people has achieved. They include: the right of workers to form a union which elects its own independent representatives; awards to ensure that employers observe minimum wages and working conditions; equal pay; long service leave; pay loadings for evenings, nights and weekends; paid public holidays; periodic wage increases; maternity and parental leave; annual leave and leave loadings; protective clothing and equipment that is used in the workplace; occupational health and safety

laws; compensation for injury; occupational superannuation; the right to be given notice and to be consulted about changes at work; and, of course, personal carer's leave. These are the sorts of things that have been achieved by collective action, not by the tax bludgers that the Prime Minister protected in the bottom-of-the-harbour schemes when he was Treasurer of this country.

*Mr McArthur interjecting—*

**Mr GAVAN O'CONNOR**—The honourable member is so sensitive on this. You are so precious on this. But the simple fact is: these things have been achieved by ordinary working people, not the tax bludgers that were protected by the Prime Minister when he was Treasurer. So members opposite ought to be in no doubt—and that includes the member for Corangamite—that the industrial and political movement in this country will resist this latest attempt by this conservative government to drive the boot into working Australians yet again.

The member for Corangamite can get up in this place and say that I have treated him unkindly with some of the forms of words used—and he might prod the minister at the table to protect him in this regard—but I do take exception to his aspersion on my work history before entering parliament. I have been a unionist all my working life, and I am proud of it. I am wondering why the member for Corangamite has not been proud of his own union background. He has been a member of the Victorian Farmers and Graziers Association—that well-known union in the Western District of Victoria that has brought pressure to bear on governments in the past—and here he is in the parliament supporting legislation that hops into fellow workers in the state of Victoria.

I have been out on the grass before in my working life as part of a collective action to improve the wages and conditions for myself, my family and my fellow workers. I pay tribute tonight to my staffer Bernie Eades. Bernie was head of a union in Victoria that took the workers out on the grass for the first time in their industrial history on a matter of wage justice and conditions of employment. I admire Bernie Eades for the way he conducted himself in the face of the enormous

pressure put on him at the time. We achieved what we set out to do, thanks to his leadership. But it was a source of great division among workers that some had made the sacrifice but all had received the benefit. Honourable members can get up here and talk about freedom of association, but there is an issue of fairness and a fair-go. Of course, nobody in this society likes sponges. We do not like tax bludgers and we do not like sponges. It is a simple fact that many people in the workplace have received the benefit after extraordinary sacrifices have been made by fellow workers.

In this bill, the government's deception is evident. There is deception in the title of the bill; it is misleading. This bill deals with bargaining service fees; it does not mention compulsory union fees. Yet the government will not concede this point on the floor of the House. It is premature. We all know that this issue is the subject of court action at this point in time, so we can only conclude from this that this is another malevolent attempt by this government to initiate conflict in the Australian community. As far as the freedom of association principle mentioned by the member for Corangamite is concerned, the Freedom of Association Committee of the International Labour Organisation declared in 1994 in relation to bargaining service fees that provided they are agreed upon by employers and employees, they are legitimate ways to fund the bargaining process. Indeed, several countries, including the United States, Canada, South Africa, Switzerland and Israel, do allow them.

The member for Corangamite specifically mentioned the building industry in his address to this House. He has to date criticised practices in the building industry and, of course, he has mentioned the royal commission into the building industry. How he has the gall to come into this House and talk about a trumped up royal commission set up for political purposes to get at the building unions of this country, I do not know. He has the gall to get up and talk about this royal commission, which is really, simply a kangaroo court, when his own government is guilty of training mercenaries in a foreign land to come back and engage in thuggery on

the Australian waterfront. He is part of a government that was prepared to use dogs against waterside workers in this country. I find that an extraordinary proposition.

Let me say to the member for Corangamite—I cannot speak with absolute certainty on this, and I would like him to clarify—that he has never had to suffer going off a building site to tell the family of a building worker that their breadwinner has died on that building site. I know union members of the building industry in Geelong who have had to do that. One of those members—I do not have to mention his name on the floor of the House—was away on holidays when his name came up in this trumped up royal commission that has been established by this conservative government. He was naturally concerned about the matters that were raised and the allegations that were made against him on the floor of that particular commission. I want to say about that unionist that he has fought all his life to improve the safety and working conditions of his fellow workers in the building industry. That person has suffered greatly at the hands of employers and at the hands of conservative governments. It is that person who has taken the hat around building sites to take up money for the wives and the children of workers who have been killed on those building sites because of the criminal neglect of employers in that industry.

So when we look at this legislation, we know where it comes from. It comes from a Prime Minister who has, as a centrepiece of his own personal political philosophy, the destruction of collective bargaining and collective unionism in this country. I have a message for this Prime Minister: look down the history of this country and you will see that we have faced conservative governments before, we have faced your punitive legislation before, and nothing that you have done—dogs on the wharf or trained mercenaries in other countries—has frightened us one little bit. It has not frightened the industrial movement, nor has it frightened the political movement that gives expression to the wishes of working people in this country. We will defeat this legislation in another place, and we will deliver you another message yet

again: you may continue on your road of fostering divisions in the Australian community on these issues but, in the end, we will triumph as we always have as a labour movement over the sorts of sentiments that are contained in this legislation. (*Time expired*)

**Mrs DE-ANNE KELLY (Dawson)** (6.22 p.m.)—I rise to speak on the [Workplace Relations Amendment \(Prohibition of Compulsory Union Fees\) Bill 2002](#). I would like to address why the union movement is so interested in promulgating the compulsory union fees—or bargaining agents' fees, as they are delicately called. But first of all I would like to respond to the member for Corio. He said that the union movement would not be frightened, nor would the ALP. That may be so, but by gee they certainly frightened the Australian people at the last election—and at the one before that, and the one before that, and, no doubt, they will at the one to come. So while they may talk about union thuggery, the reality is that the Australian people are well aware of who runs the ALP; and the Australian people ran a mile to a responsible, sound coalition government.

But we need to speak now about why it is that bargaining agents' fees are such a big issue. It is widely known that union membership in Australia has declined and continues to do so. Only 20 per cent of the work force are now union members. The Australian workplace is voting with its feet, recognising the benefits of workplace relations policies and practices introduced by the coalition government. Naturally enough, the union movement are concerned about this trend. They are concerned that it reduces their industrial muscle. It reduces the quantum of their union fees. It also limits the financial support they can provide to the political party of their choice, the Australian Labor Party, although in recent times even that seems to be coming into question.

We had recently the bizarre circumstances as reported by Mark Skulley in the *Australian Financial Review* on 14 May. The Victorian branch of the Amalgamated Metal Workers Union decided to freeze its affiliation with the ALP for six months. This was overturned by the AMWU's national council.

The Victorian secretary of the union is now seeking a Federal Court injunction preventing 33 of the union's 50 delegates attending the ALP conference. Perhaps this is the latest manifestation of the overhaul of the ALP's 60-40 rule.

So what do they do when they are faced with declining membership because they cannot attract people to their organisation, declining funding and declining influence? They reject the principle of freedom of association and they go to strongarm tactics: bargaining agents' fees. What a deceptive expression that is! The irony is that only last week we had the member for Werriwa trying to buy the aspirational class with shares. The ALP's new way to buy over the aspirational class in Western Sydney is to assist them to buy shares. At the same time the member for Corio is going to strongarm them for up to \$500 for a bargaining agents' fee. They are not going to go for that too well.

The chardonnay shareholders that would like to be enticed to the ALP vote—or so we are led to believe by the member for Werriwa—are not going to like being strongarmed in the workplace into paying a bargaining agents' fee, which is a compulsory union fee. While they may be given some choice—so the ALP believes—in buying shares, they are going to be compelled in the workplace to pay a compulsory fee. I don't think so! I do not think that those two conflicting policies are going to win them any support, any more than they did in the last election.

There is a suggestion that these fees are somehow 'user pays'. As I said before, in some cases they are set as high as \$500 per employee, well above the level of annual union dues. As Ken Phillips, a specialist in workplace reform, wrote in the *Financial Review* on 23 January 2002:

Compulsory fees for a compulsory service is not user pays. User pays involves clear, free and informed choice by persons who demonstrate a wish to use the service on offer—

not strongarm tactics from the member for Corio and his thugs to try to get the aspirational class to buy shares on one hand and on the other to give over \$500 for bargaining agents' fees. The unions are saying that you

will still have the same enterprise agreement; it just will not cost you as much. Unions have succeeded in putting clauses into hundreds of federal certified agreements.

Were the basis of this a principled argument—mind you, it would be on the wrong principle—one could say, 'Well, at least the ALP is being consistent—falsely consistent, but at least consistent.' Let us have a look at the sugar industry, no doubt one of the industries that will be targeted with their bargaining fees, and see how their core beliefs always split when they are dealing with another sector of the industry. In the sugar industry, you have the unions and, of course, the various other stakeholders—particularly the farmers. Up until a couple of years ago, the major farmers lobby group—the cane growers—actually had a compulsory levy, which paid fees to the cane growers organisation. A large proportion of it also went towards research funding for the sugar industry. What if the ALP were to say, 'All right, we will allow what we are proposing—our strongarm fees, the bargaining agents' fees—to also stand for the farmers'? But of course the ALP has never been about principle. In the parliament in Queensland they abolished the levy—the levy for research funding. They would not even let the industry improve its research.

So it is not about principle. I am often reminded of the old motto: if it's not the money, it's the principle; and if it certainly ain't the principle, you know it's the money. With the ALP and the unions, it is the money and the power. As I have just shown to be the case in the sugar industry, their principles are quickly forgotten when they are looking at the farmers but they are very keen to use the bargaining agents' fees for the unions. So we can dispense with any view that perhaps the ALP have suddenly found a principled approach to this; they have not. They are simply following the rulings of the union movement.

It is interesting: the full bench of the Australian Industrial Relations Commission has found that these bargaining fee clauses were allowable under the Workplace Relations Act 1996. This was despite the fact that the commission acknowledged that the intent of

these clauses was to coerce employees. This judgment meant there were no further legal avenues to have them removed. However, interestingly, the Federal Court had a different view. In a case involving Electrolux and the Australian Workers Union, their judgment suggests that bargaining service fee clauses are in fact unenforceable. This bill before the House will deal succinctly and directly with this anomaly. It provides that bargaining fee clauses are void and will give the commission the power to remove them from certified agreements. It fulfils the coalition's 2001 election policy commitment.

I would remind you that in the 2001 election the Australian people had the opportunity to endorse the ALP's vision for workplace relations in this country. Their response was to give it an absolutely comprehensive thumbs down. To the Australian Labor Party, the ACTU and the Australian Democrats, they said no. On the other hand, to a proactive, forward looking employer- and employee-friendly coalition policy, they resoundingly said yes. Of course, the government has been down this path before. I do not know about other members in the House, but I have this feeling of *deja vu*. We always seem to be doing this with the Labor Party. The legislation dealing with unfair dismissals is a classic example. The bill which would have resolved that problem was introduced into the House in 2001. Again in the Senate, of course, it was met by total obstruction. The ALP and the Australian Democrats simply shunted the bill off to a Senate committee, despite the fact that, as I notice in the latest Employment and Workplace Relations annual report, unfair dismissal accounts for 35 per cent of small business difficulties. Back to the committee in the Senate: that committee, when the election was called, was dissolved when parliament was prorogued.

It is interesting to look back at the comments in *Hansard* from members of the opposition when the earlier bill was debated. The then shadow minister, the member for Brisbane, attempted to portray these bargaining agents' fees as some sort of mutual obligation. It appears that, while the ALP have not learnt any lessons from the coal-

tion, they certainly like to steal our expressions. The member for Brisbane quoted the Prime Minister, who said:

... 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.

It is a rather strange way to describe strong-arm union tactics. Who could possibly portray a trade union as a community, particularly when only 20 per cent of Australians choose to be part of that community? The member for Brisbane's penultimate comment was the following:

It is a bill that is going to be doomed in this parliament. I do not think there is much doubt about its fate.

We will see. I think the bill has better prospects than Labor at the next election. The reality is that, while they talk about their new way and are running around now trying to entice aspirational voters, they are still the same old Labor Party. As we can see, the same old union tactics are being hauled up to obstruct the government's bills again.

When the member for Brisbane spoke, he was backed up at the time by the former member for Throsby, a person for whom I actually had a great deal of regard. I would like to have heard the views of the current member for Throsby, but she has chosen not to speak, at least to date, on this bill. The member for Throsby at the time made a similar statement to that of the member for Brisbane. I quote:

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.

Let us see where their teeth and nails were—they must have been pulled during the years in which we had a Labor government in office. What happened to real wages during their 13 years? They were reduced. So much for the teeth and nails of the union movement. It is under a coalition government that real wages have been increased. So much for the effectiveness of the trade union movement to protect the interests of their members. No wonder their membership is in a constant state of decline.

This bill does not prevent any non-union employee paying a fee voluntarily, something any reasonable Australian would support. If, as the opposition claim, non-union employees benefit so much from these union activities then they should have no shortage of volunteers who want to front up to pay their outrageous bargaining fees. But that is free choice. They should have people breaking down the door to pay the bargaining fees. But what we find in fact is people going the opposite direction. They are not even joining unions, so they are going to be coerced. Let me give this message to the ALP: bargaining fees are not the way for the ACTU to arrest the dramatic and continuing fall in trade union membership.

The Australian work force is voting with its feet and responding positively to the coalition government's workplace relations reforms—and I will tell you how we know that. The Standing Committee on Employment and Workplace Relations have set up a hotline for those seeking information about jobs and workplace relations issues. They get in excess of 600,000 calls a year. The reason so many people are using that very valuable hotline is that it is an alternative to the coercive tactics of the union movement—a simple phone call and one has the information one needs. Not only are people voting with their feet, they are voting with their dialling finger and using the employment and workplace relations hotline rather than being coerced by a thuggish union movement supported by a weak and ineffective Labor Party. So what are the benefits to Australia and Australian business of a coalition government? In the 12 months to 31 December 2001, we had the lowest rate of industrial disputes on record. I would like to say that again for those on the other side of the House: the lowest on record. Only 50 days were lost per thousand employees.

Quite plainly, today's work force is not the work force that the union movement controlled for so long. We hope and trust that unemployment will fall below six per cent. That would be very welcome. Today there are more jobs, higher real wages, fewer strikes, more opportunities for young people and a Department of Employment and

Workplace Relations really addressing the opportunities for every Australian to have a meaningful career, meaningful work and skills. Unfortunately, the opposition and the union movement have not realised that a new industrial relations era has dawned. I was going to say that they are still locked into the sixties and seventies, but after listening to the member for Corio I notice they are locked into 1828. That will really send the aspirational class into a frenzy.

The opposition and the union movement are clinging to outmoded ideology when the rest of us have moved into a modern industrial relations world that actually delivers for families, young people and those seeking long-term satisfying employment. Once again they are going to fight last year's battles and at the next election they will get the same result. I would like to commend the bill to the House and, in particular, commend the Department of Employment and Workplace Relations for the very sound work that they are doing on behalf of all Australians to ensure that every Australian has an opportunity to gain more skills, meaningful work and a meaningful career.

**Mr KATTER (Kennedy)** (6.39 p.m.)—I mentioned earlier today, and I will mention again, my personal experiences. My son started his working life in a mine outside Charters Towers. I asked, 'Have you taken out a union ticket?' And he said, 'No; and I don't intend to.' I said, 'Yes, you will take out a union ticket. And you'll take out a union ticket because all of those privileges that you enjoy at work were fought for by some beggar who had his head kicked in, who was not employed and who had a black mark put against his name so he couldn't be employed anywhere. They fought for maybe 100 years to deliver those rights and privileges to you.'

If trade unionism vanishes from this country, I do not hesitate to say that so too will the wage structures, the privileges, the rights and the securities that employees in this country enjoy. I speak as a person who has worked on both sides of the fence for considerable periods of time during my life. I was an employer for 10 or 20 years and, if I say so myself, a very successful businessperson in the state of Queensland. I employed



people and I could get very angry at some of the things that they could get up to at times. But I also worked for a number of years as an employee, and I was not going to see any son of mine take the privileges that he enjoyed at his workplace, which were delivered to him by the labour movement of this country, without paying his just dues to those people.

My son said, and quite rightly so, 'They are putting money into the Labor Party, and you are not going to tell me that the Labor Party is looking after my interests when I work at a goldmine in Charters Towers.' This was the age of Mr Keating—when economic rationalism was riding high—and enterprise bargaining. Clearly, any intelligent young man—and I do not know whether my son fits into that category, but I would like to think that he does—looking at what was occurring would say, 'Yes, the workers' rights were being undermined by the very people who were enjoying everything that this society could provide to them as a result of the labour movement.' It was probably the greatest betrayal that we have seen in recent years. Some of the leadership of my own party would probably be contestants in this field of betrayers, but most certainly the leadership of the Labor Party in those years must be castigated. I will quote but one example of that betrayal.

My old state electorate was mainly a series of railway depots. I was brought up in a railway town, Cloncurry. I would say that more than half of the working population in that town was employed by the railway. There were 400 or 500 jobs there at times. At every single election for my entire life those polling booths were manned by railway employees. They believed in the labour movement. They believed in those people and they believed that, with the election of a Labor government in Queensland, we would walk into a new workers' paradise. I thought that was a bit intriguing when some of the railway enginemmen were on \$70,000 or \$80,000 a year at the time. But that was what they believed and they worked very hard for their beliefs. And you could not help but respect their beliefs.

This was how they were thanked in the state of Queensland. When the Goss government was elected those people celebrated for weeks. They were the happiest people you could ever imagine. They had waited 38 years for the election of their own Labor government. There were 22,000 employees of the railway when Mr Goss took office. Within six years he had reduced that to 16,000. Almost one in three of them had been sacked almost immediately—within six years. Now, in what is the 12th or 13th year of the Labor government in Queensland, we are down, I am told, to fewer than 10,000 employees. That was how they were thanked. They were thanked by one in two of them having their jobs taken away and being thrown out on the dole queues. Was it any wonder that my son said he would not take out a union ticket? Was it any wonder? The principles are bigger than the people who occupy those positions of power and who betray us. I say with some degree of pride that my son eventually took out his ticket.

Today I rise to oppose the bill before the House. I think that pressure has to be put. Some people want to bludge off their mates and not pay their dues to the unions that do the fighting for them. I accept the arguments that I have heard from the other side of the House because I think they are valid arguments, but a lot of these people have not acted well or appropriately in unions representing the workers' position.

There is a saying, particularly in mining areas, that one union is the best union—and I do not wish to be personal or attack any unions here; I try to avoid that where possible—because it is the best union that money can buy. If you go and work at any of a particular mining company's mines, you have the ticket paid for by the mining company; you do not have to pay yourself. It is paid for by the mining company, and he who pays the piper calls the tune. There are mining unions that would sell their souls for site coverage—and they have sold their souls for site coverage. I hear terrible criticisms of the people who man the Canegrowers Council—'They're betraying us'—and I have heard this also in the dairy industry, but again it is my belief that the movement and the

principles involved are much bigger than the individuals who man those machines from time to time.

The previous speaker, my good friend whom I admire greatly, the member for Dawson—one of the best members of parliament people could have representing them—said that the workers have prospered and that we have had no upheavals. I have to say, with all due respect, that it is my belief that the reason for that was outlined at question time today when we were talking about the totally and permanently unemployed. The only economist ever to win the science prize in Australian history was John Quiggin. In his book *Work for all* he delineates the real unemployment figures.

This book was published in the days of the ALP government. John Langmore co-authored the book and lost endorsement as a result of the publication of the book, which set out the real unemployment figures in Australia. David Kemp, when opposition spokesman, put out an excellent paper on the real unemployment figures—a paper which showed that, when you added up all the mickey mouse work for the dole schemes and training programs that the ALP had at those times and added in other factors, you were looking at real unemployment levels of around 16 or 17 per cent. That tallied very accurately with the very scholarly work by Quiggin and Langmore which resulted in Quiggin getting the science prize for Australia and Dr Langmore being kicked out of federal parliament.

**Mr Tanner**—Not true.

**Mr KATTER**—It was true, and you can ask Dr Langmore himself if you want.

**Mr Tanner**—He resigned to go to the UN. Honestly, it is not true.

**Mr KATTER**—We will have to disagree. I take the interjection, but I think the best source of authority here would be John Langmore himself—and John Quiggin. On a more serious note, earlier today you heard that the number of people on the totally and permanently incapacitated benefit in Australia has doubled since 1990. Quite frankly, if you simply add the increase in the number of people on that sort of pension—and not just that pension alone—you will find that that

accounts for the reduction in the unemployment figures. So unemployment figures are staying static, up where they are. I refer to the economics editor of the *Age* newspaper, the economics editor of the *Financial Review* and the economics editor, at the time, of the *Sydney Morning Herald*. I do not have the sources with me now but I most certainly can get them if anyone is interested. Each one of them has claimed that the real unemployment levels are twice what they are quoted to be. So has John Quiggin, who won the science prize; and so has David Kemp, who made an excellent presentation to this House. They were talking about the real unemployment levels.

That is the reason for the docility of the working employee class in Australia at the moment. The real reason is that they are scared silly to move. I know that: I speak to them; I mix with them regularly. They are in a constant state of terror—whether they are Telstra workers or whether they are electricity workers. A paper was released by Ergon just before the federal election—and we want to thank the state ALP for their help in holding all of the seats away from the ALP in Queensland before the election—stating that they were going to sack one in two employees outside Brisbane in the state of Queensland. We released that paper to the media, and we compliment very greatly the work by those very courageous trade union leaders who took the ALP on.

**Ms Hoare**—Always courageous.

**Mr KATTER**—Not always, but sometimes. I would not say always—far from it! But that is the reason for the docility. In the era of the Bjelke-Petersen government, we were greatly criticised for bashing up the unions from time to time. I suppose in retrospect, being 100 per cent honest, we probably did, too. Sometimes they needed a bit of 'paddywhack the drumstick' too, it must be fairly said. When you switch out the lights and keep them switched off indefinitely, it does not leave the government with lots of alternatives.

In that period of time we did not undermine the rights of workers to have their trade union membership, even though we may well have been described—and quite rightly

so—as the most right wing government in recent Australian history. We did not bash up the unions. Most of the people at that table had been active in industrial affairs in the days of their youth, as was I. I could go through the names for you and say that at least half of the people at the cabinet table had worked in some sort of industrial setting somewhere in their lives, and they had a very fundamental sympathy, I suppose, for people whom we may have described in past years as working class people.

Then we married up that powerful trade union tradition in Queensland with a booming economy that was creating real jobs—and not the artificial jobs that I believe are the only jobs being created in today's economy in Australia: people are building bigger and taller buildings than you have got so everyone will leave your building and move into their building, and then I will build a bigger shopping centre than you and everyone will leave your shopping centre and come into my shopping centre. That looks really good as far as jobs go and as far as growth in the economy goes, but it is based on speculation and predation. It is predatory and it is speculative. There can be only one end for a country that continues to rely upon figures that reflect that, yes, speculation is going great in this country and that, yes, predation is going great in this country. But where is the solid development of production in this country?

To quote Alan Jones the commentator, there has to be something terribly wrong in a country where the only two classes of people who cannot secure or access finance are the manufacturing and farming sectors of the economy. There can only be one end to a country where the only two classes of people that cannot obtain or access finance are the farmers and manufacturers. That end is coming rapidly in this country.

Whilst I greatly respect the intellectual capacity of the member for Dawson—I think she is one of the best representatives that any people in Australia have representing them in this place—on the issue of the docility of workers, the thing that is keeping them quiet is fear on the one hand and, on the other hand, a massive undermining of their ability

to collectively bargain. I cannot come into this place and hypocritically argue that newsagents and sugar farmers should have the right to collectively bargain, and then argue that workers should not have the right to collectively bargain. The three Independents here have had discussions on this. We all feel very strongly along the same lines, as far as these issues go.

I am proud to say that my son took out a union ticket. I would argue that it was the wrong union that he took it out with, but that is a story for another day. I say these things because I profoundly believe that the trade union movement achieved very great things in this country. In Queensland you could see those results vividly in the boom years of the Bjelke-Petersen era, when development took place and work was being created everywhere overnight. For example, I was at a political meeting and was being criticised over the size and extravagance of parliamentary salaries. One of the blokes there owned a small station outside of Pentland, and he worked in the meatworks. He had his pay cheque from the week before, and he took it up to the chairman of the meeting and said, 'That is my pay cheque.' As a boner at the Tancred meatworks in Pentland, he was on nearly twice what I was on as a state parliamentarian; and an employee of one the coal mining towns was on nearly triple the pay that he was on.

For a brief period in our history when the wonderful work by the labour movement in that state was coupled with the magnificent work done by the Bjelke-Petersen government, we had a golden period when workers enjoyed the highest pay that had been enjoyed by any group of employees anywhere on earth, probably, in earth's history. Those things were able to be achieved by marrying those two very definitive principles that were adopted by everybody that was at the cabinet table that I sat at in Brisbane. Yes, there are times when the union movement have become very excessive in their demands and it is very hard to get the mix right, and they have to be knuckled up to—as did Mr Chifley, a very great Australian, and as most certainly did Bjelke-Petersen in his day as well—and there needs to be some curtail-

ment. But to take away the right of a farmer, a newsagent or an employee to collectively bargain is to seriously undermine the principles upon which our great society has been built.

**Ms PANOPOULOS (Indi)** (6.56 p.m.)—I rise to support the **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002**. I would like to begin by commenting on statements made by the member for Kennedy and the member for Corio respectively. It was with some bemusement that I listened to the member for Kennedy's comment that some principles are much bigger than the individuals themselves. How often have we heard all sorts of ills proposed by all sorts of governments and other organisations, in the name of the greater good? It is a meaningless statement that has been used to justify all sorts of policies in the absence of any intelligent argument to back up the proposals of those who put forward that sort of argument.

The member for Corio was quite passionate for this time of the night and reminded us of the glory days of the trade union movement. Interestingly enough, he did omit to mention a very significant and a very important part that the trade union movement played in Australia's history, and that was to be part of institutionalised racism, whether that was in the early days of Australia's settlement or even in the postwar period of the last century. He also used a very interesting word; he used the word 'sponges'. As he used the word 'sponges', an image came to mind: across on the other side, the front-bench—the political arm of the trade union movement, who are used to sucking funds out of ordinary workers to sustain their own political existence. That is why they are desperately trying to come up with any sort of mechanism to keep sucking more money out of ordinary working Australians.

The principle underlying this bill is not in doubt. It is not about the merits or otherwise of the trade union movement. It is a simple concept which lies at the very heart of democratic government, and it is called freedom. It is constantly under threat. It caused John P. Curran to remark way back in 1790—if the member for Corio can go back to 1826, then

I suppose that I can go back to 1790—that eternal vigilance is the price of liberty. My reference to that justly famous and entirely true observation, which actually happened to be about the right to elect the mayor of Dublin, should make it clear that I am not thinking about the crude, brutal and obvious threats posed by tyrants like Robert Mugabe of Zimbabwe or murderous fanatics like Osama bin Laden. No, I am thinking about threats closer to home that are much less spectacular but far more insidious.

An excellent example is the one that the bill now before the House seeks to eliminate, and that is the compulsory trade union fee. This is the payment exacted—a better word would be 'extorted'—by rapacious, over-mighty trade unions from employees to force them to join a union. I note that it does not matter what the employee thinks; that is what the union is there for—it exists to tell him or her what they ought to think and are going to be made to think whether they like it or not. The proof that they need to be re-educated as soon as possible is that, in common with most of the population, they are not members of the trade union movement. Naturally this does not come free by mere persuasion. Oh no, if you insist on being re-educated, obviously you have to pay for it. You cannot expect a trade union to hand out free re-education. Why? It is a public benefit, and if they happen to extort a handsome profit in the process, what is wrong with that?

Naturally we hear nothing from the unions about an airy-fairy idea that in a free country there is a right to freedom of association, and that means that no-one can be forced to join an organisation if they do not want to. Of course we never hear about it and of course we never will. These compulsory union fees, which in a blatant lie are called bargaining agent's fees, are a total disgrace. Far from seeking to conceal the coercive, blackmailing element involved, it is positively emphasised. Compulsory union fees have got absolutely nothing to do with either agency or bargaining. They have nothing to do with agency because the very reason the phoney fee is imposed is precisely that when the union was negotiating it was not authorised to act for the non-unionist. For exactly the same

reason the phoney fee has no connection with bargaining for the non-unionist.

**Ms Hoare**—Let them not take the pay rise.

**Mr Tuckey**—Some get more.

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—The member for Charlton and the minister will cease speaking across the room.

**Ms PANOPOULOS**—The trade union movement has simply appointed itself to a fictitious position and then paid itself out of someone else's pocket for doing so. That is usually called theft in other aspects of our daily lives. The phoney fees are not only an extortion in the manner of their imposition but extortionate in their size. No-one can pretend that in some weird and wonderful way they are an acceptable alternative to union membership. They are deliberately far more costly because that is their whole purpose. They are in fact a blatantly unlawful arbitrary levy on union say-so. This sort of behaviour has nothing in common with two fundamentals of Australian society: the rule of law and personal freedom to do as we like within it. Both of these principles happen also to be fundamentals of civilisation itself. No organisation that routinely ignores them in its own short-sighted and narrow-minded interest can hope to retain or attract the support of employees or independent tradesmen who do not need anyone to run their lives for them, especially if it is done in a restrictive, oppressive and overbearing manner.

I note that in his second reading speech the minister, with, if I may say so, great restraint, remarked that bargaining fees 'are not a legitimate way for trade unions to arrest that dramatic and sustained fall in their membership'. Indeed, they are not. They are a disgraceful way of trying to achieve anything at all except perhaps, ironically, an accelerated decline in membership. While we are on the subject, it is worth spending a moment on that declining membership, which so many others who have spoken on this bill tonight have commented on. If trade unions are all they are cracked up to be, and they usually say they are, why don't workers want to join them anymore? Like all these great workplace mysteries that cause the po-

litical Left such mental anguish, the answer is embarrassingly simple. People do not want to join trade unions anymore because they do not like the product. They can see as clearly as anyone else that the main reason a trade union wants people to join up nowadays is to keep the union in existence, not to mention in funds. There could not be a clearer instance of union indifference to the welfare and dignity as human beings of the people they are supposed to be persuading into membership than the shameless arrogance and fraud of the compulsory union fees scandal. The sooner we are rid of the practice the better.

The significance of the present bill, whilst necessarily directed primarily at the particular absurdities to which I have been referring, ranges by implication over a much wider area of our national life. It has often been remarked that some in the media assume for themselves a quasi-governmental status. Indeed, once upon a time they used to call themselves rather grandly the fourth estate. Maybe they still do. Certainly some in the media are never backward in telling the government, any government, how to govern. This is all said to be a natural consequence of freedom of speech, and maybe it is. I mention it in passing today because sections of the media are certainly not the only non-governmental and unelected group in Australia that gives the impression from time to time that, if everything were left to them, we would all be better off. Moreover, they certainly have the freedom of speech defence if anyone thinks they are overdoing it a bit.

But nothing of the kind can be said about a trade union movement that not only dreams up a scheme like compulsory union fees but insists on enforcing it regardless of its dubious legal and constitutional status and manifest lack of common decency. The heart of the problem is that the union movement as a whole seems long since to have become accustomed to believing that, if its purposes are best served by ignoring the law, that is the way it should be and it is entitled to act that way. Such an attitude, sustained over many years by methods that one can only hope lie more in the past than in the future, seems to have become entrenched to the point where

the union movement really does believe it is an arm of government. It obviously is not, but of course people in the grip of a delusion that they find hypnotically attractive are not likely to reconsider it just because a few facts do not seem to fit in. This is the really frightening side of the trade union movement. There is no sign of a sense of proportion, not the smallest indication that anyone has noticed that the world has changed and the trade union movement has not.

Far from changing, the entrenched Left in politics, dutifully imitated by the unions, become evermore determined to do nothing of the kind. The prevailing mood is to stand fast with the attitudes of the past and become less relevant every day, and if anyone objects to dealing with them then they just resort to the time-honoured fashion of bullying. The fact of the matter is that, although compulsory union fees are a shocking event which ought to be prohibited as a matter of national self-respect if nothing else, we have been moving towards this for some time. Inevitably the time would come when the unions, through their own selfish shortsightedness, self-importance and fondness for pointless strife amongst themselves, would decline but it still took them by surprise. They have no fall-back plan beyond refusing to face facts. The facts they have to face are that with every day that passes they become less relevant to the world around them. That world simply does not warm to being dragooned into large chunks of what the Chinese called 'the broad masses', who are expected to do what the great and the good on high have decided is best for them.

The compulsory union fees that we are dealing with today illustrate to perfection the menacing rigidity of thought that lies behind them in the wider sphere: if people will not do what suits you—and that means the economy as well as mere humans—then beat them over the head until they change their minds. The trouble is that, although economies are created by humans, creativeness does not just happen because humans want it to happen in a particular way. They have to be left free to create in their own way, which means being free to make their own decisions and their own mistakes, not someone

else's. A good place to start improving the present situation would be to pass the bill now before the House. I commend the bill to the House.

**Ms HOARE (Charlton)** (7.09 p.m.)—Before I start to talk about the substance of this particular bill, the **Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002**, I would like to comment on some of the comments that the member for Indi made. She really should stay here and hear about some of the contradictory remarks that she made. She was very derisive of the common good, and I think that her electorate of Indi would be interested to hear that its member has no regard for that. She spoke about freedom but she did not speak about the freedom to accept or maybe refuse the wages and entitlements that unions have fought hard for. She also made very pie-in-the-sky ideological statements completely devoid of any understanding of what this bill is about. The member for Indi also made some comments by which I think she was trying to make herself out to be a bit of a history buff. But I will provide her—if, having gone back to her office, she listens to this debate that she was so passionate about—with a bit of a history lesson about things that I think she ought to know.

I have spoken before—in the first and the only four weeks of parliamentary sittings and debates since September last year—about the Howard government's lack of a third-term agenda. When I have spoken of this, I have spoken about the war bills: the terrorism bills and the security legislation which has been brought before the parliament. Just last night we saw the war budget. The only other raft of legislation which the government has put on the table relates, as we know, to its ideological bent of union bashing and bashing the Labor Party because of our very proud trade union links. This bill amends the Workplace Relations Act to exclude bargaining fee clauses from certified agreements and to prevent unions and employers from demanding bargaining fees from non-union employees. This bill prevents the AIRC from certifying or varying an agreement containing a bargaining fee clause and allows it to remove such a clause from a certified agreement.

This bill deems that a bargaining fee clause in an agreement is void. This bill prohibits employers from taking action against a person who refuses to pay a bargaining fee, and it prohibits unions from demanding or taking industrial action or making misleading representations about bargaining fees.

Mr Deputy Speaker Causley, you would remember that this government introduced a similar bill in May last year, in the 39th Parliament. That bill was referred to a Senate committee which reported on 19 September last year, just prior to the dissolution of that parliament. Among the main points of the Labor senators' report from that committee inquiry was the point that the bill was premature in that there were proceedings pending in the Industrial Relations Commission and the Federal Court about bargaining fee clauses, which are still pending; that the bill's title—compulsory union fees—was misleading in that bargaining fees are service fees and not membership fees; that countries such as the USA, Canada and South Africa allow bargaining fees and the International Labour Organisation does not regard those countries as contravening freedom of association; and that last year that particular bill interfered unacceptably with the process and content of certified agreements. Earlier in this debate my colleague the member for Fowler referred to this bill as the 'bludgers protection bill'. I refer to it as the freeloaders bill. I think the member for Fowler and I can come to some kind of arrangement where we can combine bludgers protection and freeloaders in the one title.

When a union retains a paid advocate, the cost to the union when arguing a case on wages or conditions at the Australian Industrial Relations Commission can be over \$3,000 a day—and, as you see in the media, these cases can go on and on. You can well imagine the cost to the union of securing increased wages and better conditions for workers in the particular industry in which they operate and the fees which are paid by the union members in relation to those services. It is logical that those workers who do not pay those union membership fees but who receive the benefits be charged some kind of service fee in relation to their will-

ingness to accept the conditions and wages which have been fought for and paid for by the trade union which represents their particular industry.

Early in the debate the Minister for Employment and Workplace Relations, Tony Abbott, told the parliament that recent attempts to coerce non-unionists into paying bargaining fees was a backdoor form of compulsory unionism. I am afraid that those comments seem to have infected the backbench of the government in relation to the member for Indi's contribution to this particular debate. They seem to have it in their mind that fees paid to cover the costs of advocacy in a court of law or in an industrial relations commission come down to being union membership fees. These people have chosen not to join the union. However, they have chosen to accept the wages and conditions fought for by the union and they have a moral and mateship responsibility—and an obligation—to pay for the services which have been provided to them.

Going back to the wide publicity surrounding the Electrical Trades Union sending bills to non-union members who were working in the industry and who were beneficiaries of wage rises, the ETU Secretary, Dean Mighell, in relation to this was quoted as saying:

... service fees had nothing to do with compulsory unionism. "We do not rate it as unionism at all. They give us 1 per cent—

which is what the ETU is talking about—one per cent of their wages—

and we deliver them an 18 per cent of wage rise. It's purely a fair, financial transaction which you would have thought this government would have supported."

Labor's position was well outlined in the Labor senators' report which I referred to earlier. In its introduction, the senators indicated that it was the sixth report made by the committee in the then current parliament on proposed amendments to the Workplace Relations Act. I cannot say it any more concisely than this, so I will quote it:

The view of Labor senators in regard to this bill is consistent with earlier dissenting reports. The legislation currently before the Parliament is yet another attempt to marginalise union involvement



in workplace relations and in negotiations on wages and conditions to the point of irrelevancy. In this sense the government is intent on destroying a century of Australian industrial relations traditions. The realisation of this policy has been slow in coming to some sections of the workforce but there are distinct signs of a sharpening of consciousness of the importance of maintaining processes that the Government has been anxious to dismantle.

Further to that, the *Bills Digest* summarised the position of the ACTU in relation to the payment of bargaining fees by non-union members in their submission to the Senate committee inquiry into the 2001 bill. The ACTU points included:

Bargaining fees paid by employees covered by collective agreements who are not union members are provided for in the law of a number of countries, including the United States, Canada, Switzerland ... and South Africa.

The principle in these countries is that where a union is recognised by the employer for the purposes of collective bargaining and negotiates an agreement covering all employees, fairness demands that non-members or "free riders"—

as I said, 'freeloaders'—

be required to pay a fee to the union, either the same level as union dues or at a lower rate set to approximate the real cost to the union for representing the employees as part of the collective.

As I indicated before, that can be up to \$3,000 a day. Further, in relation to the ACTU's position on this particular case, after the Employment Advocate lost a legal challenge to ETU's service fee, the ACTU Secretary, Greg Combet, described the decision as:

... "extremely important, very significant" in recognising the union role in negotiating outcomes at enterprise levels.

Also in relation to this particular legislation, I want to refer to how it was reported in New Zealand. In New Zealand it was reported:

The Australian Governments ideological drive to establish a "user-pays" economy has had an unanticipated outcome—the establishment of 'service fees' for non-union members who benefit from Union activity.

... ..

Describing the decision as "extremely important" Greg Combet, ACTU Secretary stated that "Peo-

ple are going to have to wake up to the fact that unions perform a valuable collective service".

Electrical Trades Union Secretary Dean Mighell has said the fee conformed to the Federal Government user pays principles and was demanded by members frustrated with "freeloaders" piggy-backing on union gains.

The case against the Electrical Trades Union service fees was taken by the Federal Government's Office of the Employment Advocate—losing it has caused the usual rabid response from both the government and employers who only support "user pays" when it suits.

That is how this legislation was reported in the New Zealand press. I spoke about providing a bit of a history lesson to the member for Indi on the bargaining role of unions in securing the workers pay, conditions and entitlements which are enjoyed nationally by unions today. Mr Deputy Speaker Causley, I am sorry that you are in the chair, because you are one who I am sure definitely does not need a history lesson like this. Other speakers have spoken about more recent history; I would like to speak about older history.

In the first half of last century in the area where I grew up, it was the mining union and coalminers who won the right to a 40-hour week, to pension schemes, to holiday leave, to sick leave, to long service leave and to decent health and safety provisions, and who made sacrifices, including the sacrifice of their lives. Mr Deputy Speaker, remember back to the miners' strike in the Hunter Valley and to the Rothbury riots when a young miner called Norman Brown was shot by police when trying to defend his job against scab labour. It is not only pay sacrifices and family sacrifices which have been made over the years but, as we see, sacrifices of people's lives.

In concluding, I would like to tell a story of the late Gwilym Williams, who preferred to be known as 'Fatty' Williams. I would like to talk about the experience he related during a labour history seminar at Weston. When he gave the seminar at Weston, Gwilym held up a small tallow lamp, which miners used to attach to their canvas caps. We are talking about underground coalminers—there were no hard hats in those days. You are frowning, Minister Tuckey: they were cloth caps. These

caps were known as 'a miner's friend', and the naked light was to light the way underground for the miner.

Gwilym was born in South Wales and he emigrated to New South Wales after his father was blackballed because of his union activities. Gwilym related a story about when he was a boy and used to go to school. As our boys do even now, he used to come home from school with his homework and say to his dad, 'Dad, can you help me with my homework?' Gwilym's dad would say, 'No, son. If I helped you with your homework, it would mean that you would not be learning as much as you should be learning. You really need to do your homework by yourself.' This went on for a while. Gwilym would say, 'Dad, I'm really stuck on this; can you help me with my homework?' and Gwilym's dad would say, 'No, son. You need to learn this yourself.' One day the light shone and Gwilym said to his dad, 'I know why you can't help me with my homework, Dad. It's because you can't read, isn't it?' Gwilym's dad said, 'Yes. I never went to school and I never learnt to read.' When Gwilym's dad was seven years old, he went to work in a coalmine. He never saw sunlight except on a Sunday. He went down a coalmine when he was seven years old; he went down before the sun came up and came up after the sun went down. Gwilym himself went down the pits at 13 years old. He was the youngest lodge officer ever at Bellbird Colliery.

I was reminded of this, driving down to Canberra on Sunday and, as I usually do, listening to Radio National. One of the programs on Radio National on Sunday was *Hindsight*, and it broadcast an item called 'Working for Coal'. It was a program about coalmining in New South Wales in the early years of the 20th century, and it was told by retired mine workers. Through the true stories of the 'black' men, we heard about a life of backbreaking work, danger, fatalities, uncertain employment and meagre pay. We also heard about the unbreakable industrial and community solidarity in the mining towns of the Hunter and the Illawarra. The program was inspired by the oral history book *At the Coalface*, which features 12 coalmining personalities telling their own stories.

We are talking about the struggles that unionist workers went through to achieve the kind of pay and conditions that workers enjoy today, collectively bargaining and fighting for them; and I encourage government members participating in this debate today and tomorrow to listen to 'Working for Coal' on *Hindsight*, which will be rebroadcast tomorrow on Radio National at 1 p.m. Before you have your ideological debate, sit down for half an hour tomorrow if you can, listen to this program and try to gain some understanding of why we in the trade union movement and of trade union background are so proud of the traditions that the trade union movement has in this country.

**Ms JULIE BISHOP (Curtin)** (7.29 p.m.)—Listening to the contributions to this debate by the members opposite, particularly the comrade for Charlton, reminds me of an interesting parallel. In 1991, the then Soviet Premier, Mikhail Gorbachev, left Moscow for a brief—or so he intended—holiday in the Crimea. At the time, he was presiding over the collapse of the Soviet Union in a mass of its own contradictions and outrages. On 18 August, soldiers and government agents acting on behalf of the conspiracy known as the 'Gang of Eight' arrested Mr Gorbachev as the first stage of the neo-communist coup. Of course, that coup was doomed to fail and the attempted coup in fact hastened the collapse of the communist state. The US President, then George Bush Sr, made perhaps the finest assessment of the coup—

Debate interrupted.

#### ADJOURNMENT

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

#### Budget: Outcomes

**Ms ROXON (Gellibrand)** (7.30 p.m.)—The seventh Costello budget was handed down yesterday and it has given me cause to reflect at the local level that in the space of two weeks there could not have been two more different budget outcomes for my electorate of Gellibrand than the contrasting results from the state budget and the federal

budget. The federal budget, as those of us in this House know, was all talk of defence and security expenditure, but nothing about family security, employment security or the future and safety of our children, their education and health.

Where the federal budget increases costs at the chemist, the Bracks budget put money into the Western Hospital, Sunshine Hospital and Williamstown Hospital to the amount of \$973,000. Even pensioners and concession card holders will have to pay more for their medicines than they really need to under this federal government's budget. I do, however, welcome a minor initiative of the federal budget which is to invest some money in developing retractable syringes, something that could significantly improve some difficult issues in my electorate. But this is absolutely nothing compared to the scale of the direct investment in the area in the Victorian budget for a new Footscray police station—\$12 million—a major development at Scienceworks and a \$14 million upgrade of Fitzgerald Road in West Sunshine.

Children and our future are barely mentioned by the Treasurer. A baby bonus is there for some but there is nothing extra at all in child care. There is increased spending on private schools but on nothing that is in my electorate of Gellibrand. Again this is in stark contrast to the significant investment we see by our state government in local libraries, kindergartens and public schools. If the Deputy Speaker will indulge me, I would like to read out the preschools and kindergartens who share between them \$357,600 as a result of the state budget. They are the Robina Scott Kindergarten in Williamstown, Home Road Kindergarten and West Newport Kindergarten in Newport, Albion Kindergarten, North Sunshine Kindergarten, North Maidstone Preschool and South Kingsville Preschool, Kingsville Kindergarten and Maribyrnong Kindergarten.

There is a total of just over \$4 million that is being spent on our schools by the state government, shared between the Sunshine Heights primary, the Wembley primary, the Bayside secondary and the Footscray North primary schools, and \$45,000 will be shared between the Hobson's Bay, Brimbank and

Maribyrnong libraries to purchase extra books. These are all expenditure items that are desperately needed in my electorate and will be well used by the schools that have received this money. It will make a very significant difference to the children and staff at those schools.

The contrast federally could not be worse. I think it is worth reflecting that the entire increased spending in the federal education budget of just over \$12 million is less than one expenditure commitment in my electorate by the state government to rebuild a new Footscray police station. If only the federal government had actually seen the need to invest in areas like the electorate of Gellibrand in the federal budget, it would have been much more enthusiastically welcomed. It would have been fantastic for the electorate if we could have seen a similar commitment by the federal government to our area to that that we have seen from Premier Bracks. Thankfully for my constituents in Gellibrand there is at least some good news and support at one level of government.

#### **Middle East: Israeli-Palestinian Conflict**

**Mr ANTHONY SMITH (Casey)** (7.34 p.m.)—In the period that has elapsed since our last sittings we have seen a tragic and dramatic escalation in violence, terror, murder and bloodshed in the state of Israel. I want to record my disgust at the recent wave of suicide bombings and my strong support for the state of Israel, which is a beacon of democracy in a very volatile part of the world—a part of the world that is not renowned for respecting the freedoms that we take for granted.

I was fortunate to visit Israel at a critical time in its history in January 1995 when hopes were high and the prospect of peace apparently real. The peace process was well under way, Rabin was still alive, and he and Arafat together with Shimon Peres had jointly won Nobel Peace Prizes in the previous year. It goes without saying that those days and these days could not be more different. Unfortunately, in the wash of events and the succession of suicide bombings and retaliations, what I believe has been lost in much of the current reporting of events is both a sense of history and balance.

Let us start first with the issue of balance. Much of the coverage we see on our television screens, hear on our radios or read in our newspapers ignores the fact that a great deal of the increased capacity and ability of those attacking and seeking to destroy Israel through terror and murder flows from the fact that Israel trusted the peace process and wound back many of the barriers that had acted as a protection in the past. Unfortunately there can be no doubt that the frequency and capacity of suicide bombers has increased in recent times because of easier and greater access to Israel's cities. The world community wanted peace and so did Israel, and rightly so. We all applauded it. This required Israel to give up certain protections and territory. It required Israel to take a risk for the hope of a more peaceful future in the Middle East. Israel took the risk and unfortunately is today paying a high price. It is a matter of regret that that gets precious little coverage and they get precious little credit for it.

The other element missing from the current debate, I think, is a sense of history. The history of Israel as a nation is that of a nation constantly under attack. It is also the history of a nation that is willing to make immense sacrifices for peace. It is all too often forgotten that, when presented with a genuine partner in the form of Anwar Sadat, Israel handed back every square centimetre of territory to Egypt as part of a peace treaty that has endured for nearly a quarter of a century.

Today Israel is fighting for the same and only thing it has always fought for: the simple right to exist—nothing more, nothing less. Israel was attacked within hours of its formation in 1948 by neighbouring nations. In 1967, surrounding nations again sought to attack it and Israel defended itself. In order to defend itself in the future it maintained areas in the Sinai, West Bank, Golan Heights and the Old City as a protection against future attack.

There is much talk about the need for a Palestinian homeland—and I also would be the first to agree that a solution to this question is vital to long-term resolution of the conflict. The Palestinian people have, as our Prime Minister has reiterated in recent

weeks, a legitimate aspiration to a homeland of their own and a legitimate aspiration to a better future for their children. However, it is difficult for there to be a resolution to the conflict unless there is a recognition and acceptance by the Palestinian leadership of the right of Israel to exist in safety and security. And that has been the burden facing Israel since its first days as a nation. It is obvious but it is often missing, I think, from the current debate.

In my view, the state of Israel has a proud history. It is not a war-making nation but it is a nation that defends its right to exist and defends its population from attack. It is a nation that is constantly forced to defend itself. As long as Israel's opponents attack Israel, Israel is entitled to defend itself and is entitled to recognition from the world community that it would not be taking any military action if it were not under attack.

I do not pretend or seek to imply that this is a simple issue. If it were capable of simple resolution, it would have been solved long ago. I suppose it is this lack of resolution which is no doubt frustrating for the world community and the endless list of leaders from around the globe who have sought to mediate the conflict. However, Israel does deserve greater credit and greater balance for its efforts and I think greater understanding for its difficult situation.

#### **Timor Gap Treaty: Interim Arrangements**

**Mr WILKIE (Swan)** (7.38 p.m.)—In July 2001, the Australian government signed a memorandum of understanding with the East Timor transitional administration about the exploration and exploitation of the joint petroleum development area in the Timor Gap. The MOU follows from the Timor Gap Treaty signed between Australia and Indonesia prior to East Timor's independence from Indonesia. The oil reserves of the Timor Gap will provide newly independent East Timor with the economic capacity to develop as a nation. Australia's expertise in the petroleum industry is necessary to develop this resource. However, it must occur on just terms, and I wish to draw to the attention of the House how this is presently not occurring.

Article 11 of the MOU requires that only East Timorese workers receive preference in employment with oil companies working the Timor Gap. There is presently one small supply vessel crewed by Australian workers engaged in the Timor Gap. In the next few weeks there will be three more Australian ships which will be engaged in projects in the area. However, workers from Great Britain, the Netherlands, New Zealand, Yugoslavia, the Philippines, the Pacific islands and Indonesia have crewed vessels involved in the pipeline section of the Bayu Undan project. This has occurred at the expense of East Timorese and Australian workers.

In addition to denying employment opportunities to Australian and East Timorese workers, the use of labour from these other countries will only entrench a low wage structure. With this may come insufficient regard for appropriate occupational health and safety standards. To ensure that there are sufficient East Timorese workers for this project, the MOU also included the facilitation of training opportunities for East Timorese nationals by drawing on the expertise of Australia's petroleum industry. To date, there have only been minimal training programs, as the terms of the MOU are not sufficiently binding on the parties involved.

Under the previous Timor Gap Treaty between Australia and Indonesia, there was a clear requirement for oil companies to train and employ only Australian and Indonesian workers. All of the international oil companies involved during the operation of this treaty complied with these obligations. However, the present MOU is not sufficiently explicit to require oil companies to train and employ only Australian and East Timorese workers. The principles of the old treaty have not been applied to the MOU. If the MOU is the basis for the proposed treaty between Australia and East Timor—which will be negotiated later this year—there will be no requirement for international oil companies to train and employ only Australian and East Timorese workers.

The Maritime Union of Australia and Australian Council of Trade Unions have held discussions with their East Timorese counterparts to arrive at a united position

committed to ensuring that only East Timorese and Australian workers are employed by oil companies. The three Australian maritime unions will also make representations to Phillips Petroleum, one of the companies involved in the Bayu Undan project, to have the company change its employment practices so that they reflect the spirit of the old treaty between Australia and Indonesia. The Australian government also has a role to play in this process in the future. It must ensure that any future treaty with East Timor has requirements about training and employment similar to the original treaty between Australia and Indonesia.

The present situation denies employment opportunities to Australian workers. Unfortunately, this is consistent with this government's lack of action to protect Australian jobs in the shipping industry. However, it is the loss of opportunities for East Timorese workers that is of greatest concern. The human resources of East Timor must be developed at the same time as natural resources are developed. This is a position that the MUA and the ACTU have consistently advocated. Given the apparent concern the Australian government has for East Timor and its future, we should ensure that we match our sentiments with appropriate actions. Appropriate training programs leading to long-term skilled and well paying employment opportunities for East Timorese will be one of the most significant and tangible measures for this new nation to achieve economic development and prosperity. Australia can be justifiably proud of its role in bringing political independence to East Timor but we should not overlook our obligations to ensure economic independence and future growth for its people.

**Her Majesty Queen Elizabeth The Queen Mother**

**Mr HARTSUYKER (Cowper)** (7.43 p.m.)—Many within my electorate have been saddened by the passing of the Queen Mother. Over the lifetime of her 101 years, the Queen Mother has touched the souls of many people in her homeland of England. But our close ties with Britain meant that Australians held a very special place for this remarkable lady.



The Queen Mother was extraordinary in so many ways. A commoner by birth, the Queen Mother went on to inspire millions of people through her ability to empathise with the wider community. We have all read about her role as a wartime queen when she refused to leave London, saying she was not about to abandon her husband King George VI during World War II. When she was asked why she had not followed other wealthy people and relocated to Canada for the duration of the war, she said:

The children will not leave unless I do. I shall not leave unless their father does: and the king will not leave the country in any circumstances.

Her belief that she should endure the London Blitz like everyone else says a lot for the moral fibre which carried her through her life and formed the basis of the tremendous respect in which she was held.

In many ways the Queen Mother was a reluctant royal. She commented that her marriage to Albert Duke of York, later King George VI, posed a dilemma because she feared she would never again 'be free to think, speak and act as she felt she ought to'.

Once she made the commitment, she accepted the responsibilities of the position with enthusiasm, dignity and a warmth which traversed oceans and brought comfort to a great many people. That was despite being unexpectedly thrust onto the throne when Edward renounced his succession to marry Wallis Simpson. When she and Albert were crowned in 1936, Elizabeth made it a priority to visit the less fortunate. She made a series of unofficial visits to poorer parts of London and, after the opening of the 1938 Empire Exhibition in Glasgow, King George and she spent two days touring unemployment relief schemes in Scotland. On the death of her husband, many expected the Queen Mother to scale back her schedule as she handed the crown to her eldest daughter, Elizabeth. However, in the 10 years that followed the death of King George VI, she was reported to have visited 22 countries. By 1970 she was president or patron of over 300 organisations.

After her love of family and community, the Queen Mother's number one passion was horse racing. She was affectionately known

as the 'First Lady of the Turf'. Many of her friends and social contacts came via her association with horses. Her great desire was to own a winner of the Grand National—the world's most famous steeplechase. In 1956, her dream looked like becoming a reality when her chaser Devon Lock was heading to victory. Then the horse inexplicably fell. Despite that disappointment, the Queen Mother made light of the incident. 'She was a superb loser as well as a wonderful winner,' her racing manager would later say. But while she loved horses, the Queen Mother also held a special spot for the arts, most notably musicals. *The Sound of Music* was said to be her favourite, and she developed a close association with the English theatrical community.

Many Australians remember the Queen Mother for both the character we came to admire in her and the values she represented. Many of my constituents in the electorate of Cowper have communicated to me how her passing is the end of an irreplaceable time in the royal family's history. I take this opportunity to place the thoughts of my constituents in *Hansard*.

#### **Blaxland Electorate: Bankstown Airport**

**Mr HATTON (Blaxland)** (7.46 p.m.)—On 5 May, at about 3.30 in the afternoon, four members of one family tragically lost their lives when their plane crashed, landing in Violet Street in Revesby. This accident, which occurred in the electorate of the member for Banks, was a result of that plane and another plane—a single-engine Tobago with a student and instructor on board—attempting to land at Bankstown Airport. Both the member for Banks and I are concerned about this. Although Bankstown Airport is in my electorate and the training flights carried out from Bankstown Airport operate within my electorate, one of the swings goes through the electorate of the member for Banks.

I wish to extend my condolences to the members of that family for those who have now been laid to rest. I also want to indicate a few things to the Minister for Transport and Regional Services. I call on him to review his decision on 13 December 2000 with regard to the second airport for Sydney and the future of Bankstown and associated airports. Despite Bankstown Airport having a

good safety record over the period of its use—it started during World War II—this tragic accident underlines the need for the minister for transport to make a decision now to halt the sale process of Bankstown Airport, Camden Airport and Hoxton Park Airport. Just as the minister delayed the sale of the Kingsford Smith airport, the sale of these airports in the second half of 2002 also needs to be stopped now.

The reason that it needs to be stopped and the reason that the minister needs to institute an immediate review of his decision of 13 December 2000 is that not enough is yet known about what the impact of a changed airspace configuration would be with regard to Bankstown Airport. I and other members have expressed serious concern and alarm at the fact that, whereas it is a general aviation airport now, the government's proposal is to roll into that regular passenger services and regular passenger jet services, up to 737 jets out of Bankstown Airport. The government's proposal is to have three different layers of airport usage: general aviation, regular passenger services such as Dash 8s, and 737 jets. It does not take too much imagination to figure out that it is pretty hard to run those three different types of operations when, in a general aviation context, you can have crashes such as we have had.

Further, the specific point of view that such a review needs to start from is from an air safety perspective, particularly in terms of the flight paths between Bankstown Airport and Kingsford Smith Airport. Nothing in the decision of 13 December attempted to grapple with the general approach to general aviation policy for Sydney as a whole. Before any further steps are taken in relation to the sale of those airports, I believe that the minister should, firstly, stop the sale; secondly, initiate the review; and, thirdly, have the government actually take ownership of this issue. Sydney is different to other capitals which, prior to the sale of their airports, have had their airport problems sorted out. The government should finalise the master plan for Bankstown Airport, Camden Airport and Hoxton Park Airport and should not leave that process in the hands of a private owner. The airspace review that has been

undertaken by the minister's department should be brought forward so that we get some indication of what that airspace review has found. There is an obvious problem in terms of separation of flight paths between Kingsford Smith and Bankstown. There would be a much greater problem if we had the three modes of use at Bankstown Airport. That is why I and my colleagues have rejected the notion of an expansion of Bankstown beyond its current provision for general aviation.

We also need to look at future uses throughout Sydney of the three airports, with Hoxton Park taking about 100,000 movements, Camden taking many movements and there being pressure on Bankstown in terms of its being the busiest airport. It is not the time to hand this over to private interests. The government needs to take charge of aircraft policy in terms of general aviation and these airports. These airports should not be sold. The whole master planning process, which will probably take two or three years, should be undergone before we take further steps. (*Time expired*)

#### **Flinders Electorate: Point Nepean**

**Mr HUNT (Flinders)** (7.51 p.m.)—I wish to raise the issue of Point Nepean in the seat of Flinders. Point Nepean is former Defence land. It is at the southern tip of the Mornington Peninsula and forms the east head of Port Phillip Bay. Approximately 500 hectares of land constitute this area. Although the land has historically been Defence land, it has been used variously as a quarantine station and as an officer training camp. Officer training was carried out at Norris Barracks. It has also been used purely for Defence purposes. That land has been divided into two parts. Two hundred hectares of the land were handed over to the state government at a period in the last decade to become the Mornington Peninsula National Park, and form an extraordinarily beautiful part of the heritage of the Mornington Peninsula. The area is environmentally sensitive and has great cultural and historical significance.

In play at the moment is 300 hectares of land which have been retained by the Department of Defence. Those 300 hectares of land have now been declared surplus, which



means very simply that the defence department no longer needs them. The 300 hectares contain essentially three precincts: firstly, bushland; secondly, land which has been partially cleared and which borders an area called Policeman's Point; and, thirdly, land which has been built upon to create the quarantine area and the old Portsea officers camp—Norris Barracks.

The public living at the southern end of the Mornington Peninsula and, more broadly, people throughout the Melbourne community have great interest in the use of this land. I want to describe the process which the public will be involved in in order to achieve what I hope will be an environmentally sustainable outcome for the land. There will be a period of public consultation, which will begin shortly. The phases will be roughly as follows. The Department of Defence is currently preparing site inspections of the land in order to analyse its environmental and historical significance and to identify any requirement for clearance of unexploded ordnance to protect people using the area.

Secondly, at some stage after midyear, calls will be made for public submissions as to how the whole site should be master planned. This is a unique opportunity in the history of the Mornington Peninsula: one of Australia's great areas will be set aside and looked at as a whole. The public will then have a period of months to make submissions. There will be public consultations and a review of the land. A first draft of the master plan will be put together by a committee that will include federal, state and local government representatives, and community representatives drawn from within the southern peninsula area. The committee will work together in developing a first draft master plan concept.

The first draft of the master plan will be made available to the public for consideration, and the public will again be asked to contribute. A final master plan will then be prepared and submitted to the Department of Defence, the Minister for Defence—and, ultimately, cabinet—for approval. This process allows for maximum input from groups such as Nepean Ratepayers, involving Dave Stewart. The Mornington Shire Council has

had tremendous work done on its behalf in regard to the land by Councillor Margaret Bell and the Chief Executive Officer, Dr Michael Kennedy. Many others are involved in the process, all of whom are committed to a public approach to the preservation of the land—as am I.

I want to talk very briefly about the final outcome. I have said previously that I believe the land should not become an area for housing development, and I state on the floor of the parliament that I do not believe that under any circumstances there should be housing at Point Nepean. I believe the area should be set aside for three purposes: recreation, nature preservation and some form of educational conferencing. Of course, the Commonwealth will require that there be some return on the land, but I believe that the signs are very good and very positive. I thank the ministers involved and the Parliamentary Secretary to the Minister for Defence, Fran Bailey, who are working towards an outcome which should mean that we are able to preserve the land without having to destroy much of it in order to create high density housing—or in fact any housing whatsoever. (*Time expired*)

#### **Cracknell, Ms Ruth, AM**

**Mr MELHAM (Banks)** (7.56 p.m.)—I rise to mourn the passing of a truly great Australian, Ruth Cracknell. She was a fine actress who had empathy with, understanding of and respect for our indigenous Australians. Tonight, I recall her passionate defence of our first peoples when they were under attack by this government after the High Court decision on Wik. For me, it was her finest performance. She travelled the country to dispel the myths, to stand side by side with our indigenous brothers and sisters. On their behalf, I pay respect to her. Her passionate defence and support of them in that dark hour is something that I know indigenous Australians are eternally grateful for and still talk of.

She exposed, as I said, many of the myths. For my part, she will always be remembered. I know that, for indigenous Australians, her spirit endures. She was a national treasure. She was someone who enriched our lives,

and it is appropriate that we acknowledge her in this, the national parliament.

Question agreed to.

**House adjourned at 7.59 p.m.**

**NOTICES**

The following notices were given:

**Mr Anthony** to present a bill for an act to amend the law relating to social security, and for related purposes.

**Mr Anthony** to present a bill for an act to amend the law relating to social security in its application to disabled persons, and for related purposes.

**Mr Williams** to present a bill for an act to amend the Australian Protective Service Act 1987, and for related purposes.

**Mr Williams** to present a bill for an act to make various amendments of the statute law of the Commonwealth, and for related purposes.

Wednesday, 15 May 2002

The **DEPUTY SPEAKER (Hon. I.R. Causley)** took the chair at 9.40 a.m.

### STATEMENTS BY MEMBERS

#### Capricornia Electorate: Unemployment

**Ms LIVERMORE (Capricornia)** (9.40 a.m.)—There was not a word in last night's budget about what the Howard government intends to do to boost employment in Australia over the coming year, but its policies are doing plenty to create unemployment in Rockhampton. Yesterday it was announced that the Telstra call centre in Rockhampton will close on 19 July, throwing 23 people—21 of them full-time employees—out of work. This is terrible news for Rockhampton and, of course, for those employees themselves, when the city is just getting back on its feet after the five-month lockout at Consolidated Meat Group, one of the city's largest employers. We have had 1,350 of the city's meat workers out of work since November last year—a huge blow to those workers, as well as to businesses in Rockhampton. The meat workers are only just back at work and now we get this latest blow from a privatised Telstra.

The Howard government has to take responsibility for what its policies have done to contribute to unemployment in Rockhampton. First of all, under the government's industrial relations legislation, the dispute at CMG was allowed to drag on for months. How can anyone pretend that a system that produces that kind of stalemate is working for either employers or employees? Now, finally, the workers are back in the gates, but they are working under the federal meat industry award, earning barely more than the unemployment benefit. Every one of those meat workers knows that they have Peter Reith to thank for that. His Workplace Relations Act allowed for the meat award to be stripped back to basic levels, even though these are skilled workers in a profitable company. As a result, less money is going to those families and less money is flowing through the businesses of Rockhampton. A great employment strategy!

The Telstra story in Rockhampton is much worse than just that of the 23 call centre employees who are now facing redundancy. Since the Howard government was elected in 1996, well over 100 full-time Telstra jobs have disappeared from Rockhampton. Does John Howard have any idea what that does to a regional city of 60,000 people? The pay packets of 23 full-time workers go a long way in our city, let alone the accumulated impact of over 100 jobs that have been lost in the past five years.

Clearly, the government's policy of selling off Telstra has had a huge impact on employment in my electorate over the past six years and people are rightly angry. I wish those Telstra employees at the call centre well as they try to deal with an uncertain future. I know they have a lot of support in the community of Rockhampton. Of course, we are still trying to overcome the blow that hit last year when Ansett collapsed, taking at least 30 jobs away from Rockhampton and reducing us to the status of a small country town with only one airline. That is still to be addressed by this government.

This government has let Rockhampton down very badly through its policies that have chipped away at our infrastructure and services, all the time reducing our capacity to make the most of our opportunities. I say to John Howard: even if he cannot come up with a positive plan for jobs in Central Queensland, at least stop attacking the ones that we have got.

The **DEPUTY SPEAKER (Hon. I.R. Causley)**—I remind members that Auspic are taking some photographs this morning to update some advertising literature for the parliament.

#### Parramatta Electorate: Pay It Forward Initiative

**Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services)** (9.42 a.m.)—I think members on both sides of the chamber would

agree that government needs to move in many cases out of the area of welfare and into the area of community capacity building. I want to report to the House on a local project in that regard by the name of Pay It Forward Parramatta. The initiative takes its name from a movie of the same title starring Helen Hunt, Haley Joel Osment and Kevin Spacey, in which a social studies teacher asks his pupils to come up with an idea that will change the world. The 12-year-old boy comes back with a simple but very powerful thought: that he would take a personal, private initiative of kindness towards three people he meets—something big, something they could not do for themselves. Instead of asking them to pay it back, he would ask all of them to pay it forward to someone else in a similar act of kindness. It draws on the old idea that it is more blessed to give than to receive, but it is a powerful engine of community capacity building.

A group of students from the National Student Leadership Forum approached me about a year ago and said, 'We want to pilot this; we want to do this in some members' electorates around the country.' I was grateful that they chose Parramatta. We teamed up with the Burnside Family Learning Centre in Ermington. We found a dozen single mums in Housing Commission dwellings in my electorate. We put together a team of 25 volunteers, with whipper snippers, lawnmowers, ladders and paint brushes, and we went to a dozen homes with the desire simply to do something that perhaps they were not in a position to do for themselves. We had a massive backyard blitz in the electorate of Parramatta. It was not just the physical work that got done but the relationships that got built and the sense of hope that was infused.

So we continued with that initiative. We then teamed up with Homecare, the New South Wales government agency that specifically looks after the frail aged and people with disabilities, and which tries to help them stay in their homes. I note a welcome measure in this budget to provide more resources for that effort. Homecare gave us the names of a dozen frail aged in my electorate. There are about 700 on the books of Homecare in my electorate, so we are just making a start. Again, we put together a posse of Parramatta Pay It Forward volunteers. On one Saturday, we turned up in the morning, we had breakfast and we visited each of those homes and made a very significant impact.

I then borrowed the movie from the Village Roadshow, hired the auditorium at the Parramatta Leagues Club and invited 250 of the local community leaders to come and share the vision of Pay it Forward, and share it they did. Just two weeks ago we had our third local initiative, again with a group of frail aged and people with disabilities, and we have another one planned for six weeks time. There is this great community movement of volunteers, who are standing up and saying, 'Yes, I care about my neighbour. I want to make a difference. I am not sitting around waiting for the government to act. We in our own community have the capacity to care for one another and help solve these problems.' I think it is an important pilot as a direction for the whole nation.

#### **Education: Equality**

**Mr SAWFORD (Port Adelaide)** (9.45 a.m.)—Last night's budget confirmed one thing: education has gone missing in this particular Howard-Costello government. Under the stewardship of this government over the last six years, half of the possible education debate has simply fallen off the agenda. Education is the balancing of differences: it includes; it does not exclude. But exclusion has ruled the debate of the past six years. There should be a range of views; there is not. There ought to be diversity; there is not. There should be an inclusive balancing of differences; there is not.

Take, for example, the concept of how different countries achieve quality of education in the OECD. Scandinavian countries and countries like France are committed to supporting education by equalising resource inputs to achieve quality. English speaking countries like Australia, New Zealand, Canada, the United Kingdom and the USA focus on policies that deregulate education systems on the assumption that choice improves quality. Which one is

correct? Neither. A balanced education system would show evidence of a continuum of both resource inputs and choice.

Take, for example, another aspect of the education debate—teacher quality. Nearly 70 per cent of teachers in this country are employed by the government; over 30 per cent of teachers are employed by non-government authorities. But the fact remains that neither employer has any say over the training of teachers, the supply of teachers or the future needs of education. It is just bizarre. Education not only deserves bipartisanship; it can only grow if it occurs. The instability of education caused by different, opposing and changing ideologies of political parties is simply destructive. The Australian community, if it is to get an edge over our trading partners, requires a bipartisan or a non-partisan approach to education policy.

Take as a third example the collapse over the last 10 years of the education curriculum framework in this country. No-one can structure good education outcomes if one aspect of education is favoured over another, yet that is what happens in this country. Nor can it be achieved if there is an overreliance on qualitative research at the expense of quantitative research, but that is also the case. In this country, if you look at a curriculum, we favour synthesis over analysis, intuition over insight, description over comprehension, presentation over organisation, cooperation over competition, nurture over nature, passivity over activity, unstructured over structured, fine motor skills over gross motor skills, continuous assessment over examination and so on.

Education is the balancing of differences along the whole continuum, not just half of it as at present. Whilst this appalling situation continues to be the case, education in this country will be diminished while denial of the problem at a government and a bureaucratic level continues. Who in this government will play the substantive and not just the symbolic card—who indeed? In the current situation all Australians, young and old, lose. The government contents itself with illusion, delusion and confusion. That is not a great base for the future.

#### **Hinkler Electorate: Boyne Smelters Ltd**

**Mr NEVILLE (Hinkler)** (9.48 a.m.)—I would like to congratulate Boyne Smelters Ltd on reaching its 20th anniversary of operations in Gladstone in March of this year. As the city's federal representative, it is a pleasure to be able to say, 'Yes, our regional areas do prosper and grow alongside strong industry, and here is living proof of that.' Over this 20 years the company has set international benchmarks for smelting, but this milestone is only the opening act of a new performance by the company.

In 1997, Boyne Smelters demonstrated its commitment to the district with a \$1 billion expansion program to add a third pot line to its aluminium operations. That investment almost doubled annual production, lifting output from 260,000 tonnes to 510,000 tonnes, and was a strong vote of confidence in the future of both the region and the smelter itself. The community now eagerly awaits the next major stage, yet another expansion of the Boyne Smelters operation, which hinges on an EIS currently out for comment. If this proceeds, the capital investment will be some \$700 million to \$800 million, and the work force will increase to 650 during the construction phase. The permanent work force should rise from 1,300 to 1,400 people, while the capacity of the plant would lift to 708,000 tonnes.

However, the company's true worth may be more accurately gauged by Gladstone's sustained growth and the number of local families which have grown up in the same community as Boyne Smelters and other focused industries in the light metals sector. The company contributes to the city and its surrounds—and that cannot be underestimated—with its generous investment in employment, community and environmental programs. This complements Gladstone's enviable lifestyle, thanks to its impressive parks, gardens, recreational facilities—all hallmarks of the city and its adjoining Calliope shire. In actual dollars and cents, the Boyne

smelter injects more than \$330 million a year into the local community and puts more than \$70 million into the pay packets of local employees each year.

I am pleased to say that this wealth generation assists not only the town but also the state and the country, and will continue well into the future as Gladstone develops as the capital of light metals technology in Australia. The company's 20th anniversary is indeed an occasion for the community and the company to celebrate together to mark a most productive past and to look forward to the future that holds great promise for wealth creation affecting the city, the state and the nation alike.

**Braddon Electorate: Infrastructure**

**Mr SIDEBOTTOM (Braddon)** (9.51 a.m.)—In light of the pretty dull budget, I would like to talk about some positive news in my home state of Tasmania and particularly news that will affect my electorate of Braddon on the north-west coast in relation to infrastructure. In total, there is investment of something like \$1.4 billion in infrastructure. We have had the announcement of our two new super fast ferries, which I hope you might avail yourselves of the opportunity to use to come to Tasmania and into my home port of Devonport. The investment there is of the order of \$290 million, greatly increasing our capacity to bring people across the strait and to offer them options in how they travel. That is great news and we look forward to that. I was glad, too, that the federal government honoured its promises to Tasmania in the passenger equalisation scheme in the budget last night.

If you come into my electorate you can go further west, up into what we call Woolnorth or Cape Grim, where we have the cleanest air in Australia, and you will see massive wind energy developments taking place there, with a capacity of something like 130 megawatts. Further development is planned in Tasmania for a capacity of something like 300 megawatts and, I believe, for a further 1,000 megawatts in the future. With that comes the possibility of developing the blade technology and blade manufacture for these massive turbines from Vestas. That could create something like 250 jobs, with massive IT involvement and technology transfer. That is great news. But there is not just wind in north-west Tasmania; part and parcel of that is Basslink, a very important investment in the national grid and valued at something like \$500 million. That will see Tasmania's renewable energy capacity being able to be transferred through our batteries—which is our hydro scheme, effectively—into the national grid, where we can play an important part. The idea of renewable credit transfers in the future makes this a very important industry. On top of that, we have the natural gas pipeline coming through from Duke Energy which is valued at something like \$400 million.

There we have a total of \$1.4 billion in infrastructure, and in particular in energy infrastructure, where once Tasmania was deficient, strangely enough, even with our massive hydro-electricity schemes. Tasmania should develop an energy surplus, which means that we are open for business in the future. So what have we got? We have got important and massive infrastructure, very good facilities in Tasmania and a lifestyle unequalled in Australia. I suggest the future in Tasmania is very bright. Many more mainlanders are looking to Tasmania to have their future there as well. I will be very pleased see them in Braddon.

**Budget: Rural and Regional Australia**

**Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage)** (9.54 a.m.)—As there is a continuing anthrax concern in my electorate of Murray, I am very pleased to say that in the budget yesterday an extra \$10 million was allocated for a national animal disease emergency response. We have been so fortunate in this country that we have not had the BSE experience, or foot-and-mouth, but certainly we are very vulnerable. An outbreak of newcastle disease was registered in Victoria just a few days ago. I commend the government for being the first government to be most aware of and concerned about the



fact that we depend very much on the wellbeing of our livestock industry and also on our fruit crops and cereal crops, in terms of disease being kept in check.

Extra funding also will be spent on epidemiology and emergency management, new information systems and the automation of Animal Health Laboratories diagnostic systems to help identify diseases more quickly. Scholarships to encourage rural vets into country areas also represent dollars very well spent. It is a tragedy that during the years when Labor was in government we saw vets not going into rural practice because there was not the funding to support their extra costs so that they could work in those places. There is \$2 million for that budget initiative to help our country vets.

It is tragic, though, when you look at a state like Victoria, to see that, while the Commonwealth is doing its best to try to fill gaps, there are so many left by the Victorian Bracks government in terms of understanding the needs of rural Victoria. At the moment, as people would know, there is a real effort on the part of the national government in terms of environmental spending. In this budget we saw the biggest expenditure in the history of Australia in terms of the environment—some \$1.8 billion. Even though we have repaid \$61 billion of the \$96 billion debt left by Labor, we are able to record the biggest expenditure on the environment in the history of this country. That is extraordinary.

At the same time, in Victoria, the irrigation infrastructure is ageing, particularly in my electorate of Murray. Millions of dollars are required to at least bring structures to a point where people are not banned from operating them because of occupational health and safety issues. We have allocated over \$400 million in national competition payments to the state government for things like water law reform. We cannot find one cent of those dollars going to very important projects like rebuilding the irrigation infrastructure, which would in turn deliver some of the best foods to the world via export markets.

I call on the Bracks government to become a little more astute and fair and to put those competition dollars where they were intended—into the sectors where pain has been experienced in terms of the reforms. We would then see the Victorian government thriving like it once did under the coalition leadership, particularly during the Kennett days.

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Order! In according with standing order 275A, the time for members' statements has concluded.

# **ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION AMENDMENT BILL 2002**

## **Second Reading**

Debate resumed from 13 March, on motion by **Mr Ruddock**:

That this bill be now read a second time.

**Dr LAWRENCE (Fremantle)** (9.57 a.m.)—I am pleased to support the **Aboriginal and Torres Strait Islander Commission Amendment Bill 2002**, although it does not go far enough. These amendments follow recommendations from the 1997 and 1998 reviews of the operation of the ATSIC electoral systems and boundaries and the general operation of the ATSIC Act.

The amendments contained in the bill relate largely to provisions in the ATSIC Act which affect the elected statutory office holders of ATSIC. The amendments that are proposed will permit greater certainty in regard to the position of the current office holders and their eligibility for election, and are therefore welcome.

However, I note that the government has failed to schedule sufficient sitting time to deal with the business of the House, and the late introduction of these changes following these reviews has meant that this bill will only just pass through the parliament in time for the ATSIC elections in the second half of this year. It is only possible for these amendments to pass in time for these elections because of our willingness to move this legislation quickly through



the parliament. The government has had since 1998, following the ATSIC election review, to submit these amendments to the parliament but chose to do so only this year.

As many members will know, ATSIC elections are due to be held in the second half of the year, so it is important for this legislation to proceed. ATSIC, as I hope people understand, is Australia's principal democratically elected indigenous organisation. The adequacy of its electoral procedures is important to its role as an adviser to government and, indeed, to its credibility in that role. The ATSIC board of commissioners, of course, also supports the bill.

As described by the Minister for Immigration and Multicultural and Indigenous Affairs, the bill amends the ATSIC Act to make minor changes in areas such as the composition of review panels, disqualifications from the office of regional councillor and zone commissioner, continuity of terms between election cycles, the availability of review of commission decisions, and the consistency of terminology in financial provisions.

Before I continue I would like to point out that there appears to be a technical flaw within the bill and consequently I think the bill will need to be amended in the Senate. I would certainly like to draw it to the minister's attention. This arises within amendments to the appointment of the ATSIC chairperson as chairperson of the Electoral Review Panel. Before the present ATSIC chair, the government appointed the chairperson of the commission. The ATSIC chair is now an elected zone commissioner, and thus has a personal interest in the ATSIC electoral system and a potential conflict of interest in making recommendations about boundaries and other electoral matters. The amendments aim to remedy this.

Items 43 and 45 amend the act to ensure that the chairperson of a review panel or an augmented review panel is no longer the commission chairperson, as is appropriate, but is instead an indigenous person who is not an elected ATSIC or TSRA office-holder. However, a drafting error in the bill means that the counterpart consequential amendment to item 45 is missing. An amendment to the bill to require the repeal of section 141T is necessary to avoid an internal contradiction in this legislation.

As stated, several of the amendments within this bill arise from a review conducted under section 26 of the ATSIC Act in 1997-98. The bill deals with essentially minor and technical amendments. Labor believes that in limiting the scope of this bill the government has passed up an opportunity to tackle a wide range of matters which were the subject of recommendations made in the section 26 review more than four years ago. The government has been very tardy about this and the response is incomplete. The government has promoted this bill as giving effect to the recommendations arising from the section 26 review it received in 1998 but, in reality, most of the recommendations for legislative change have not been implemented in this legislation—or anywhere else, for that matter. This includes a long list of changes which the section 26 review characterised as 'administrative and legal problems' as well as a suite of proposals which the review authors called 'substantive changes to the act to improve its operation and to strengthen ATSIC's capacity to address the aspirations and needs of indigenous people over the next five years and beyond.' We have the shortest of short-term amendments in this legislation.

The substantive changes they are talking about include the explicit capacity of regional councils to make regional agreements, direct election of commissioners and facilitating greater regional autonomy or regional authorities. The review recommended that the act be amended so that regional councils were specifically empowered to conclude regional agreements with governments, agencies and other organisations to achieve coordinated service provision in their region, and that provision be made in the act for the establishment of regional authorities after the commission has considered and reported on the outcomes of the studies. As a result, in September 1999 the then minister Herron and chairperson Djerikura released a discussion paper. A consultation exercise followed and the *Report on greater regional autonomy* was endorsed by the ATSIC board in June 2000 and forwarded to the min-

ister. The report first of all supported the right of indigenous communities to establish regional authorities. It authorised further work to be done on the criteria that such authorities would have to meet. It recommended to the minister that 'the necessary legislative approval be obtained to enable the establishment of a regional authority in any given case that meets the criteria.'

As the minister pointed out in his second reading speech, the current bill implements recommendations from the section 26 review of 1997-98. It does not, however, address the issues of greater regional autonomy, regional agreements by regional councils or regional authorities. It is very important to improve the standing of Aboriginal communities. Interest in establishing such authorities has been particularly strong—this is not academic—in remote areas such as the Northern Territory and in the western New South Wales Murdi Paaki region. The Cape York Partnerships Plan also involves such regional agreements, and they are being hamstrung at the moment.

Regional governance and regional agreements have been the subject of much focus and discussion over the past couple of years, and the government has yet to respond to that. This was highlighted last month by the Indigenous Governance Conference—Understanding and Implementing Good Governance for Indigenous Communities and Regions, which was held in Canberra and hosted by ATSIC, Reconciliation Australia and the National Institute for Governance at the University of Canberra. These are very important discussions and require a response from government. Most participants were very enthusiastic in their support for self-determination through management of their broader communities and the provision of services.

The autonomy report pointed to the use of regional agreements in Canada to achieve comprehensive settlements of outstanding land claims and noted past advocacy in Australia of such agreements to achieve coordinated service delivery and a framework for settling social justice issues and 'unfinished business'. International advocates at the indigenous governance conference spoke on many of these examples, and successful ones they are too.

Last year's inquiry into indigenous funding by the Commonwealth Grants Commission found that indigenous people did not have equitable access to mainstream services provided by government. It said that effective partnerships should be developed and called for:

... indigenous control of, or strong influence over, service delivery expenditure and regional or local service delivery arrangements that emphasise community development, interagency cooperation and general effectiveness.

So we have calls coming from all quarters and still no response to them from the government. There has been no government response to this report either.

Aboriginal and Torres Strait Islander Social Justice Commissioner, Dr Bill Jonas, in his *Social justice report* of 2000 stated:

The development of governance structures and regional autonomy provides the potential for a successful meeting place to integrate the various strands of reconciliation. In particular, it is able to tie together the aims of promoting recognition of indigenous rights, with the related aims of overcoming disadvantage and achieving economic independence.

However, in the 2001 *Social justice report* released yesterday—interestingly under the shadow of the budget and I think designed to disappear—he stated that, although government initiatives have been introduced following the Indigenous Community Capacity Building Roundtable held in October 2000 and as part of the welfare reform package in the 2001 federal budget, the commitments have been short term and minimal in terms of funding support. I quote from his most recent report:

While these initiatives are to be welcomed, they only hint at the potential for reconfiguring and transforming the relationship of indigenous communities with the mainstream society. Indigenous commu-

nity capacity and governance mechanisms could be furthered through facilitating more effective forms of financial and administrative self-government.

Clearly, most people and organisations with a stake in addressing indigenous disadvantage recognise that changes do need to be made to government institutions, including ATSIC, in order to enable these institutions to perform better. The government has let the past years drift by without providing legislative amendment to facilitate this. The bill does little to address these bigger issues and there is no sign of them being addressed anywhere else either.

In the 2001 budget the government announced its commitment to reconciliation and reducing indigenous disadvantage through a boost of more than \$327 million to spending on indigenous affairs. A proud boast, you might think, but it is pretty hollow when you look beyond the rhetoric. Labor has stated before that the definition, for instance, of indigenous-specific funding incorporated in that figure is extremely broad and actually encompasses all expenditure that relates in any way to indigenous people and communities. For example, so-called indigenous-specific funding in the 2001 federal budget included \$1 million to the Department of Defence, \$266,000 to Foreign Affairs and Trade and \$210,000 to Australian Customs for indigenous cultural education and recruitment programs. The overall amount also includes \$6.1 million for the collection of data by the Australian Bureau of Statistics. These are essentially the rights of citizens. These are not indigenous-specific programs; it just happens that they go in some cases toward providing data, for instance, and recruitment.

This year's federal budget does the same thing. It also includes \$2.2 million to the Agriculture, Fisheries and Forestry portfolio for pest and diseases monitoring and surveillance in North Queensland under the Northern Australia Quarantine Strategy. Why is that considered indigenous-specific funding? It benefits the whole community, and indeed the whole nation. Quite clearly indigenous-specific funding is funding that will contribute to overcoming disadvantage. Why is this \$2.2 million seen as relating only to indigenous people?

Labor and others have also pointed out that some of the funding identified as indigenous specific is actually against indigenous people's interests. This is a more serious problem. It is clear, for instance, that 47 per cent of the budget of the Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs in the last financial year was expended on litigation against the interest of indigenous people, in cases such as the Gunner and Cubillo stolen generations case. That can hardly be considered in any meaningful sense as indigenous-specific funding designed to reduce disadvantage. In this year's budget we discover that 30 per cent of this year's funding to the Office of Indigenous Affairs is allocated to litigation. Likewise, how is that going to help indigenous people? This use of funds seems decidedly against the core function of the department, which is said to be to provide 'advice which acknowledges and values the cultures, heritage, rights and aspirations of indigenous people, and supports the creation and nurturing of opportunities for indigenous people to meet their aspirations, thus contributing to social justice and equity in Australia.' I will leave that hanging out there—I do not think so.

Again this year we have a massive amount spent on litigation above and beyond the funds for litigation just mentioned, with \$16.6 million allocated to the Attorney-General's Department and to the states for litigation against native title claimants, nearly \$13 million to the Federal Court to hear these cases—cases that indigenous communities would rather not reach this point. Why are they considered to the advantage of indigenous people? And \$33.5 million has been allocated to the Native Title Tribunal to mediate these cases. Again, these are cases that could be managed by agreement.

The government this year has already begun to trumpet its record spending on indigenous affairs. However, if you look clearly at that spending, there are no new funding initiatives despite the ever-increasing need for indigenous-specific projects and services. Only \$1.1 billion of this goes to ATSIC; it is no increase in real terms. That is the reality—there is no increase,

in real terms, to the ATSIC budget. The additional \$28.3 million for ATSIC described in the budget flows from the increase which was announced in last year's federal budget. There are no new initiatives here at all. This means that there has been no appreciable increase in ATSIC's global budget since the Howard government came to office. ATSIC is still recovering from the \$470 million cut to ATSIC in the coalition's first budget, so we are not even back to square one—and this is for the most disadvantaged community in our midst.

As we know, expenditure of ATSIC's budget is not entirely at the discretion of the elected representatives, as is sometimes claimed. The federal government asks ATSIC to guarantee minimum levels of expenditure on its three largest programs: CDEP, CHIP and native title. About two-thirds of ATSIC's budget is subject to these requirements. They have very little flexibility themselves. This leaves ATSIC with less room to move in funding programs such as indigenous family violence and substance abuse programs, programs which the Howard government has clearly declined to fund despite the increased attention to and need for these funds. We have heard a lot of talk about it. There have been many letters to the newspapers, and successive ministers have talked about the importance of these programs. But the energy and resources going to these areas is small and vanishing compared to the size of the problem—and, not surprisingly, they have no effect.

In the last budget only \$2 million was allocated to indigenous family violence. This follows cuts to the ATSIC funding in 1996 that led to the termination of family violence programs. I note that, in this year's budget, only \$1.4 million has been allocated for this pressing problem nationally. So we actually have a decline in the allocation this year despite all the publicity that has been given to these problems and the calls from both the wider community and the indigenous community for attention to these matters.

I also note that only \$470,000 has been allocated to indigenous substance abuse programs through a petrol sniffing diversion pilot project. This is clearly not enough, given the scale of the problem. A series of media reports about petrol sniffing in 2000 initially prompted the federal government to commit a million dollars to address the problem. This money, as is often the case in this area, was not new money. It was reallocated from existing funds that had been given to the Northern Territory government in a deal that allowed the former Country Liberal Party government to keep mandatory sentencing. However, it is feared that even this pitiful amount of money has not been effectively allocated to date. The government put on no pressure to get that allocation.

In the Darwin Supreme Court late last week, Justice Steven Bailey pointed out that there are no approved rehabilitation projects operating in the Territory, and no help is available for petrol sniffers who end up in prison. He made the comments while imposing a suspended sentence on an 18-year-old who had committed property offences after petrol sniffing. The young man was directed to attend an unofficial program in his community that, Justice Bailey noted, had mixed success. He was obviously reluctant to do what he had to do.

This lack of funds and the demonstrable failure to deal with the huge and growing problems in many communities clearly show that the government, despite its rhetoric, and despite increased calls from all sections of the community, has not given attention and energy to working on reducing these problems. Dysfunctional communities continue to be dysfunctional. There are some suggestions that, in some areas, they are actually getting worse. There is no real remedy in prospect either in this legislation or in the budget that was brought down last night. I note that the minister responsible has devoted very little energy and attention to this section of his portfolio for some time. Indeed, he said to a recent group of lobbyists who attended a meeting with him that he now regarded indigenous affairs as his recreation. It is time for the minister to come back from holidays, if that is the way he sees it, and do some serious work.

If we look closely at this year's federal budget in other areas of 'practical reconciliation'—the government's favourite phrase—we can see that there is actually a decrease in funding for indigenous education. That is really a scandal. The Indigenous Education Strategic Initiatives Program, which provides funding to education providers for indigenous students, will suffer a decrease of funding in the Northern Territory, for example—we have had recent reports on this problem—of 13.4 per cent. That is a cut of 13.4 per cent to the most disadvantaged group in our community. Nationwide, the decrease is even worse: a staggering 27 per cent cut. So much for practical reconciliation. What is one of the most important areas of service delivery to improve disadvantage? Education. What is the one area the government has cut substantially? Education. Make sense of that. I cannot. This follows a critical report by the Auditor-General released late last month which detailed problems in the management of the Indigenous Education Strategic Initiatives Program. So the response to those problems is to cut the funds, not to fix the program.

The government's 2001 changes to the program guidelines caused a six-month delay in finalising agreements with some education providers and meant that last year some indigenous students missed out on basic education. So there has been a mismanagement of this program as well. The six-month delay caused a lack of education services to indigenous communities in some parts of the country—indeed, the most remote, the most disadvantaged parts of the country. This information also follows information revealed last year that there was an 8.1 per cent fall in indigenous participation in tertiary education arising from the Howard government's changes to Abstudy. So across the board we have seen an assault on education at a time when funding is most needed and results should be demanded by the community. It also follows revelations that in 2002 there was a failure of Centrelink to deliver children's Abstudy, meaning that, for instance, at least 50 teenagers from Cape York Peninsula and the Torres Strait missed out on the first term of the 2002 school year as they could not travel from their communities to the school. There really is a lack of attention to these matters by the government.

The Howard government have now spent six years talking about their commitment to 'practical reconciliation'—and I put that very much in inverted commas—and continue to trumpet their 'record spending on indigenous people'. Yet a closer look at the federal budget and, more importantly, the results on the ground show that very little of this money goes directly to assisting indigenous people overcome disadvantages in key areas. In the *Social justice report* that Bill Jonas released yesterday, he pointed out:

The lack of priority and urgency with which governments have pursued indigenous disadvantage ...

As he put it—and I think this is an absolutely critical message for this government and others:

Redressing indigenous disadvantage is not merely something that is desirable, but is a matter of obligation in order to guarantee a free and equal society. Governments must take deliberate, concrete steps which are targeted as clearly as possible to reducing inequalities as quickly and efficiently as possible through the adoption of benchmarks and targets.

We do not know where this government thinks it is headed. We do not know what it hopes to achieve. Little bits of money here and there are dropped into programs which disappear at the end of a pilot program—that is typical, for instance, of the domestic violence programs. And in education there is a winding back funds, and poorer results. So the absence of benchmarks and targets is critical. Dr Jonas goes on to say:

Adequate monitoring and evaluation mechanisms are necessary in order that governments will be held accountable to do more than simply manage the existing inequalities in society.

I think it is instructive that in last night's budget there was not one word about indigenous people, not one word about the most disadvantaged group in our society, not one word about the first peoples of this nation, not one word about the problems they confront. I think that is shameful for any government.

Dr Jonas goes on to talk about these existing inequalities. He says that it is particularly important that we should be reducing these inequalities, setting targets, developing strategies and paying attention, putting some energy into it—Minister, please—where the disadvantage that exists is the consequence of historic, systemic discrimination against a particular group. Until this government gets serious about indigenous affairs and puts in substantial effort—and I mean not just money but energy, motivation, intelligence and creativity, working in partnership with indigenous people and giving effect to its commitment to practical reconciliation—those inequalities will not only continue to exist—they will be ‘managed’, as Bill Jonas puts it—but they will get worse. That is clearly happening around this country.

I do not believe that any right-minded Australian can stand by and watch as the first peoples of our country are allowed to slide further and further into despair and dysfunction. That is not to say that there are not indigenous people doing extremely well in Australia today. I welcome that; I applaud that. But that is not sufficient to overshadow the very serious problems that we confront as a nation. Not talking about them is not going to make them go away. I call on the minister and this government to take indigenous affairs seriously.

**Mr WAKELIN (Grey)** (10.20 a.m.)—This morning we are dealing with the **Aboriginal and Torres Strait Islander Commission Amendment Bill 2002**. The amendments have been well defined. They include adjustments to the term of office of the commission chair and the regional council chair, a provision for the appointment of an additional regional councillor to a regional council from which a commissioner has been elected, a provision to guarantee the appointment of an independent chair of the review panel—and I heard the concerns raised by the member for Fremantle about that. The amendments clarify that the effect of penalties for multiple criminal convictions on eligibility for, and termination of, office holder positions is the same as penalties for single convictions; they allow the outgoing commissioner to stand for election as an incoming regional council chair without having to resign as commissioner. There are a number of other issues which seem practical and reasonable in terms of the progression of ATSIC so that it can function as well as it can.

In terms of the focus of this government on health, housing, education and employment issues, I believe there has been significant progress for Aboriginal people and for the country as a whole. When this government came to office, we had a totally confused mess with native title. Through the efforts of this government, we have been able to create a balance. We no longer see these emotive, chaotic situations in the media and with a number of Aboriginal groups. Let us remember that it was competition between Aboriginal groups that was at the heart of much of the problem with native title. The program that this government introduced did bring order and some commonsense for all parties. If there is still some difficulty with legal issues, much of it must rest with the Labor Party and the Senate. There were opportunities to reduce the problems with much of the legal situation, had at least two of the points that were disallowed at that time been allowed to go through.

If it is costing \$33 million in native title litigation, let the opposition carry much of the responsibility for that. It is all very well to talk about mediation. It is all very well to talk about the wellbeing of Aboriginal people. But in this place we have a responsibility to be practical, to face the reality, and know that there has not been sufficient progress, for a whole lot of reasons, on the general issue of Aboriginal wellbeing.

I bring to the attention of the Main Committee, for those who may not have seen it, an article in the *Australian* of Thursday, 9 May 2002, headed ‘Pearson puts the challenge to Labor’. He talks about a number of issues. He refers to Don Watson’s book, *Recollections of a Bleeding Heart: A Portrait of Paul Keating PM*. The writer endeavours to come forward with some of the Pearson commentary on our contemporary situation. I think it should be compulsory reading for every member of this parliament. The government is not spared, and I would not expect it to be spared, in the comments about where we can do better. There is plenty of

room for improvement. Mr Pearson argues, for example, that, from the government's perspective, we have not done nearly enough to end the issue of passive welfare.

*A division having been called in the House of Representatives—*

**Sitting suspended from 10.25 a.m. to 10.42 a.m.**

**Mr WAKELIN**—Noel Pearson chastised the coalition for not doing enough on passive welfare and for not confronting the real issues of addiction. These are the very sad and real circumstances of too many people in Aboriginal communities and these things should be the main purpose of this parliament's focus in the immediate future.

Academic debate about the past and about the general indiscretions of one side of politics or the other will not advance this issue at the rate at which it should be advancing. This Aboriginal and Torres Strait Islander Commission Amendment Bill is just another small contribution to the improvements in the various structures that are there and which in all good faith have been set up for Aboriginal people. As the member for Werriwa said not so many weeks ago, I hope in the future in this place that we stand aside from our partisan differences and focus on those things that we really must do to advance this issue.

**Mr SNOWDON (Lingiari)** (10.44 a.m.)—I thank my colleague the member for Grey for his contribution, and also acknowledge the contribution made by the shadow minister, the member for Fremantle—and I will refer to that in detail in a moment. I was hoping the member for Grey would speak for a bit longer, to allow me to organise myself. You will have to excuse me while I do so on the run.

As others have pointed out, the **Aboriginal and Torres Strait Islander Commission Amendment Bill 2002** will implement some of the recommendations of the 1998 review of the operation of the ATSIC Act that was conducted in accordance with section 26 of the act—namely, to ensure that a commission chair remains in place between the appointment of new commissioners, following a round of regional council elections and the first meeting of a new board; to enable an additional regional councillor to be appointed to a regional council from which a commissioner is elected; to allow an outgoing commissioner to stand for election as an incoming regional council chair without having to resign as commissioner; to allow for an independent chair of the section 141 review panel and the augmented review panel; and to clarify that a person who has been given one sentence for multiple criminal offences can be suspended from office and disqualified from standing for election as a regional councillor or ATSIC commissioner.

The bill seeks to implement a number of recommendations of the 1997 review panel report made under section 141 of the ATSIC Act on the ATSIC electoral system and boundaries. I will not repeat them, because they were mentioned earlier. It allows for the clarification and enhancement of the commissioner's processes for internal review of certain decisions, and it outlines three major points. It prevents a commissioner or regional councillor who has been removed from office for misbehaviour from standing for the next round of regional council elections, and it makes a number of miscellaneous amendments to the ATSIC Act. These include amending relevant financial provisions to ensure consistency with the Commonwealth accrual budgeting system, the removal of references to appropriations by the commission to Indigenous Business Australia and Aboriginal Hostels Ltd, as money is now directly appropriated to these organisations; and repealing redundant provisions of the ATSIC Act.

I want to concentrate on one element of this bill—issues dealing with governance. As the shadow minister said, this government has promoted this bill as giving effect to recommendations arising from the section 26 review that it received in 1998. The fact is, as the shadow minister pointed out, that most of these recommendations for legislative change remain unimplemented. They include a long list of changes which the section 26 review characterised as administrative and legal problems, as well as a suite of proposals which the review authors



called 'substantive changes to the act to improve its operation to strengthen ATSIC's capacity to address the aspirations and needs of indigenous people over the next five years and beyond'. These substantive issues include the explicit capacity of regional councils to make regional agreements, direct election of commissioners and facilitating greater regional autonomy for regional authorities. It is that issue that I want to talk about.

We have heard a lot in recent times about the issue of passive welfare. Indeed, we have heard the government at various times rail against the inadequacy of service provisions to Aboriginal communities. We have seen them shift the way in which welfare has been provided and continue in a direction to make individuals much more responsible for their actions in terms of receiving government benefits of one type or another. It is worth while also to point out that much has been said about issues dealing with family violence, substance abuse and other matters to do with indigenous affairs. We know that in this budget very limited attempts have been made to address these issues, despite the issues to do with passive welfare, the indicators of alienation and anomie in Aboriginal communities which are so explicit in terms of the justice system, the expressions of discontent which are clearly obvious in the way in which communities in some areas are malfunctioning, and the problems which are evident in terms of domestic violence and substance abuse.

Under those circumstances, and given the criticism which has been railed against indigenous Australians and Torres Strait Islanders generally, you would expect that something substantial would have been done by this government in this recent budget. In fact, very little has been done in the budget to express the government's will—as we often hear it—to address these issues of major concern. In the budget only \$2 million was allocated to deal with the problem of indigenous family violence. That \$2 million was allocated last year; this year only \$1.4 million has been allocated to this pressing problem. It is acknowledged by people in indigenous communities around Australia, acknowledged by state and territory governments and reported on by the government when it sees fit to demonise Aboriginal communities, yet all the government can bring itself to provide to address this issue in this budget is \$1.4 million. I ask the government to tell us explicitly where this money will be used and how it will be used. What are the issues it will seek to address?

I then look to the issue of substance abuse. Bear in mind that I have had a lot of experience in indigenous communities across Australia for over 25 years. I have a very good idea about the level of concern in relation to substance abuse which is expressed in indigenous communities. You need to be very careful because you would be led to believe, if you listened to some commentators, that substance abuse was endemic in every Aboriginal community across Australia, which of course is not the case. Indeed, we ought to understand that, in terms of per capita alcohol consumption in the Northern Territory, Aboriginal Territorians consume less alcohol than non-indigenous Territorians do. We also need to understand is that a far greater proportion of Aboriginal Territorians, Aboriginal Australians, do not drink, as opposed to their non-indigenous counterparts. That is not often said, but it is a fact.

Then there is the issue of other substances which are being abused. Marijuana abuse, kava abuse and petrol sniffing are issues which are now chronic across some parts of northern Australia. They are all real problems, but petrol sniffing is a significant issue for juvenile indigenous Australians. It is endemic in some Aboriginal communities. We have heard the government say that this is something which we must address, something we are gravely concerned about, an issue which we must do something about, yet all the government can bring itself to offer in this budget to address this issue is \$470,000. What will that do to address the issue of substance abuse generally, but petrol sniffing in particular? The answer is not a lot.

We also need to comprehend, and I want to raise, this issue of passive welfare receipt in indigenous communities. I have heard some indigenous commentators talk about this as though indigenous communities across Australia are not aware of the concerns of those in their com-

munities about domestic violence, substance abuse and issues to do with the justice system generally. That is not the case. There are many examples where indigenous communities, particularly in the Northern Territory, are seeking to address the issue of substance abuse through actions which they are taking.

I was privileged to attend the recent conference on indigenous governance held in Canberra under the auspices of, I think, the Council for Aboriginal Reconciliation, and it was a very important and good conference. One of the contributions made at that conference was from two women from Ali Curung. Most people in the House will not know where Ali Curung is. Ali Curung is a community to the north of Alice Springs. These women demonstrated how their community had come to terms with the dysfunction caused by domestic violence and alcohol and other substance abuse. They demonstrated how they had developed their own mechanisms for community operations, in conjunction with the Western legal system, to address these issues.

Those two women are now able to proselytise. They can show other people around the Northern Territory and, indeed, around Australia—as was the case at the conference on governance—that there are remedies which can be developed, within Aboriginal community structures and traditional frameworks, to address the imposition that is put on indigenous communities by substance abuse, domestic violence and other abuses of the justice system.

It is worth noting that the system of night patrols was developed by indigenous people, not imposed from outside, as a response to the concerns about the social dysfunction being caused by alcohol abuse and violence. The remedies are being developed by Aboriginal communities; they are not passive welfare recipients. They are actively engaged in trying to find remedies for the problems which they have in their communities, which are observed by outsiders such as ourselves and which are commented on from time to time by the government and demonised by particular sections of the community. We have to understand that, if we are prepared to sit down and work with communities, wherever they might be, we can develop solutions, but such solutions do require resources. Last night's budget did little in terms of the provision of resources for these issues across Australia.

I will give you another example of how communities in Central Australia are responding to the issue of alcohol. The Central Australian Football League—the AFL based in Alice Springs—recently had a day when they sat down and talked about their future. They got Aboriginal communities from around Central Australia to come in, participate in a discussion and give their views on what the way forward might be.

As a result of this discussion, two subcommittees have been set up—I am a member of one—to deal with alcohol. There is a proposal now which has come from these communities to ban the sale of alcohol at football games. This proposal has not been imposed; it is action which has come from within these communities. I want to commend the Central Australian Football League for having the guts to sit down and say, 'How can we address what is a severe problem for us during weekend football?' They have come up with a proposition that says, 'We are prepared to ban alcohol at the request of these communities.' We do not get a lot of acknowledgment from government for those sorts of actions that have come from within the community.

The other issue that I want to briefly address is that of governance generally. I referred earlier to the failure of the government to pick up on the issue to do with regional agreements and regional authorities. It is worth while noting that, in the background paper for the indigenous governance conference in April of this year, the following was said:

Good governance involves four main attributes: legitimacy, power, resources and accountability. The importance of indigenous governance is highlighted by the growing community dysfunction, domestic violence, welfare dependence and economic marginalisation.

That is all true. But what we need to understand is that communities have responded. And because the government has failed to come up with any appropriate responses to the recommendations on regional authorities and regional structures, indigenous communities are doing it themselves. They are coming together and saying, 'We want to express the service delivery to us in a different manner. We want to take control of the circumstances in which we find ourselves.' In the western MacDonnell region of Central Australia, the communities have come together and said that they want to start making agreements with government on the delivery of services such as education, health, housing, roads and other government services.

They are doing this independently of government support. They are doing this because they see it as important. They are developing these models despite government. Mr Deputy Speaker, I want you to understand that I have been an active promoter of these agreements and ideas since the early 1990s. Indeed, I have written a couple of publications on the issue of regional governance and regional agreements. What comes out of it is the inherent need to recognise that, despite the rhetoric about indigenous Australians being passive welfare recipients, there are many examples of indigenous communities around Australia coming together and saying, 'We want to do things differently and you, government, need to deal with us differently. What we want to do is set up agreements with you about the provision of services.' This has provided some difficulty for some organisations; indeed, the previous Northern Territory government found it very difficult to come to terms with the aspirations of indigenous Australians in this way.

While I did say a moment ago that government was not involved, there are in fact a couple of examples where government has been involved, where models of governance have been set up as a result of initiatives for the delivery of certain services. The most obvious example is the delivery of health services. To the west of Katherine there has been the development of the Katherine West Health Board, which arose out of the coordinated care trials introduced by the Keating government in 1995-96. The delivery of all health services in the Katherine West region now go through an Aboriginal controlled board, and it works very well. I want to acknowledge the previous federal minister for health for his continued support for this proposal.

The Tiwi Health Board is another example. But this initiative has not broadened in the way in which we need it to broaden. It has not broadened in such a way that other agencies, such as education departments, see it as their responsibility to bring communities together and discuss with them ownership of the service delivery which they provide.

I also make this observation: in the context of indigenous communities, it is easy to take a cheap shot, but the bottom line is that unless we provide people with appropriate resources and infrastructure, they will not be able to achieve the objectives that we set for them. As well as people having aspirations for more control over their services, we need to ensure that they have got the capacity to exercise that control. That brings us back to the fundamental issue of education. What we have seen historically in Australia is an abysmal failure by governments collectively, Labor and non-Labor governments, across Australia, to deal effectively with indigenous education. People are not going to be able, fruitfully and appropriately, to accord with our requirements in terms of responsibility and accountability unless we provide them with the capacity to do so. There is a fundamental issue there—that is, the question of education.

I note that in last night's budget there were no additional resources made available for indigenous education across Australia. Indeed, in the area of the Northern Territory, we saw an effective 13.4 per cent cut to the ISIP program for Aboriginal Australians in the Northern Territory. Part of the reason for that, I am told, was the incapacity of the previous CLP government to be able to come to an agreement with the Howard government over the requirements for reporting on that issue. But instead of lambasting Aboriginal communities, we should be acting responsibly and accepting our need to be partners. (*Time expired*)

**Dr STONE** (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (11.04 a.m.)—I would like to sum up the debate that has taken place on the *Aboriginal and Torres Strait Islander Commission Amendment Bill 2002*. This bill contains a series of technical amendments that we believe need to be put in place, but behind those technical amendments is this government's most urgent desire to see our indigenous communities significantly advance beyond their experience of the last 200 years. Mr Deputy Speaker, when I elaborate on some of the points that have been made by the member for Lingiari and the member for Fremantle, you will see that we have heard a lot of unfortunate misunderstandings, or perhaps it was just misleading information, about what was contained in the budget last night. In particular, I will refer to some of the very significant advances we have made in trying to support and work with indigenous communities across Australia.

Let me begin by revisiting exactly what this amendment bill chooses to do. The amendments follow a number of recommendations from the 1997 and 1998 reviews, conducted under sections 26 and 141 of the ATSIC Act, in regard to the electoral systems and boundaries and the general operation of the ATSIC Act. The bill was developed in close consultation with ATSIC and has the support of the ATSIC Board of Commissioners—and that is a very important point.

The amendments contained in the bill relate largely to provisions in the ATSIC Act affecting the elected statutory office holders of ATSIC. ATSIC regional council and office holder elections must take place in the second half of 2002. The amendments that are proposed in the bill would permit greater certainty in regard to the position of the current office holders and eligibility for election.

These amendments include: adjustments to the term of office of the commission chair and the regional council chair to provide for continuity in these offices throughout an election period; a provision for the appointment of an additional regional councillor to a regional council from which a commissioner has been elected; a provision to guarantee the appointment of an independent chair of the review panel and the augmented review panel to clarify that the effective penalties for multiple criminal convictions on eligibility for and termination of office holder positions is the same as for single convictions; allowing an outgoing commissioner to stand for election as an incoming regional council chair without having to resign as commissioner; providing for the payment of nomination fees by candidates to be included as matters dealt with in the regional council election rules; and preventing a commissioner or regional councillor who has been removed from office for misbehaviour from standing for the next round of regional council elections.

In addition, the bill seeks to amend certain provisions of the ATSIC Act relating to financial management within the commission. Accrual accounting has been introduced in accordance with government policy, and a number of amendments are required to make the ATSIC Act consistent with current practice. The bill aligns the terminology of the ATSIC Act with the Commonwealth accrual based outcomes and outputs framework. In addition, with the introduction of accrual budgeting, each agency is appropriated its own money. As such, the bill removes references to appropriations by ATSIC to Indigenous Business Australia and Aboriginal Hostels Ltd. The bill also repeals certain provisions of the ATSIC Act which are no longer required.

Finally, the bill will allow clarification and enhancement of the internal review process. Amendments will entitle a body corporate or an unincorporated body to request review by the commission and the Administrative Appeals Tribunal of a decision to refuse a loan or guarantee made under the ATSIC Act. At present the ATSIC Act only allows for review of decisions in relation to an individual. The bill will enable the commission to delegate its power to review delegates' decisions, allowing for a more efficient reconsideration of refusal to provide a loan or guarantee within ATSIC. In order to allow a comprehensive internal review process,

the bill will require internal review processes to be exhausted before access to review by the AAT of the merits of a decision to refuse a loan or guarantee.

The member for Fremantle did, in fact, raise an issue requiring us to make a consequential amendment. She referred to section 141T, which relates to the commission chairperson to be chairperson of an augmented review panel. We undertake to arrange for an appropriate amendment for consideration by the Senate to clear up that particular point.

The member for Fremantle—who is also shadow spokesperson for indigenous affairs—however, made a series of allegations about the Howard government's commitment to indigenous program expenditure. Contrary to what the member for Fremantle actually claims, there is an additional \$67 million in funding for 2002-03, and this includes over \$20 million for ATSIC. I must say that that is a record level of funding for ATSIC. So, whether or not the shadow spokesperson had not gone beyond listening to the budget speech last night—which, of course, is always skeletal in its coverage of details—or whether her calculator batteries are flat, we cannot be sure.

It seems that the same problem has afflicted the member for Lingiari, who went on at length about his perception of reduced expenditure commitment to indigenous affairs in this country. Our government absolutely does not believe that dollars are everything when it comes to improving the circumstances of indigenous peoples in this country. It will require much more than simply dollars for programs. We are working on a number of fronts—for example, our objective of reconciliation plans for every government agency that the Commonwealth manages. This is a first for the nation of Australia. Our government is insisting that every government agency each year reflect on how its programs have assisted our indigenous Australians. But, of course, dollars are significant.

There has been \$2.5 billion of specific funding provided for indigenous programs in 2002-03. We will publish a detailed breakdown of that funding. The bulk of this goes to health, housing, education and employment. We are absolutely concerned that indigenous Australians are not hooked into a life of welfare and an intergenerational succession of unemployed, leading to children and grandchildren who never know the dignity of paid employment. We are determined to assist our Aboriginal communities to break out of their poverty traps.

Unfortunately, what we inherited in 1996 was a hugely unproductive set of programs for indigenous Australia. You just have to compare the education outcomes of indigenous peoples with those of mainstream Australia to see how we have improved those. We were entangled in a very destructive native title debate in 1995-96 which took a lot of work. There have been significant dollars associated with the legal costs in untangling that mess. When the Keating government lost power it had a series of reforms and amendments in train in terms of reviewing the native title law in this country, and it understood what we had to do.

The shadow minister said that indigenous education funding, in particular, had been cut. I take great exception to that as someone who has worked with indigenous communities most of my life, especially in Aboriginal education. Let me stress that we have increased indigenous education funding from \$438 million in 2001-02 to over \$445 million in 2002-03. The member for Lingiari went on at some length about domestic violence in indigenous communities. Of course, that is an extraordinary concern for women and children and all members of indigenous communities as much as for other families in Australian society when there is anyone subjected to domestic violence.

This is a priority for our government, which provided for Partnerships Against Domestic Violence, a special national program; \$10 million is specifically dedicated to Aboriginal projects. There are also funds for related projects. There is \$20 million for the Stronger Families and Communities Strategy and \$23 million for alcohol related projects specifically for indigenous communities who have substance abuse problems in their local populations. We are

making headway. Unlike the previous government, which was satisfied simply with rhetoric, we also measure our performance. We look to see if our programs work. We evaluate what we are doing to see if we have got it right and if there are better ways to achieve outcomes. We talk to the communities and ask them what they feel is the best way to deliver programs.

Let me give the statistics. The proportion of students going on to year 12 has increased from 29 per cent in 1996, after all of our efforts, to over 36 per cent in the year 2001. We know that the basis of breaking the poverty trap in Australia is education, so that is probably one of the most significant statistics for indigenous communities that this nation has seen. I am proud that our government has presided over that change. The numbers of indigenous people in vocational education have doubled since 1995. In the year 2000, over 7,000 indigenous people were in higher education compared to only 2,000 in 1987. In the year 2001, 6,000 were in new apprenticeships. That is a very substantial number. Compare that with only 800 in 1994—unfortunately the time when Labor was supposedly doing something for the indigenous communities, but obviously not enough.

There are so many other positive results, but to me one of the most significant is that we have a strong partnership with indigenous communities. The member for Fremantle appeared to be amazed that there was a budget item against the defence forces referring to indigenous expenditure, showing that there was some Defence Force expenditure on indigenous programs. I seem to remember that the member for Fremantle was most concerned that the Army was going to assist indigenous communities. We now know that that has been one of the most successful programs ever. Australian Defence Force personnel go out into indigenous communities, sit down beside the elders and work out what needs to be done to improve infrastructure—whether it is dust suppression, building sewerage systems or roads. The program picks up the young members of those communities to work in trades with members of the armed forces. At the end of the day you have trained people, and great friendships are formed—networks which last for life—which is an extraordinarily good outcome. So I remind the shadow minister that she needs to look beyond the headlines. I would have thought better of her after her many years in parliament but it seems that she is still very much hooked on what she can get in terms of a quick political grab rather than on the substance of what is going on in indigenous Australia today.

The Howard government has particularly requested the conduct of a Commonwealth Grants Commission inquiry into indigenous-specific funding. That goes back to the comment I made before about how we do not simply have rhetorical debate about the indigenous situation in Australia; we actually want to know if our programs work. We want to know where the best place is to put funding. We are now considering the commission's response to that report, and we will respond soon. I urge the opposition to have a good, hard look at that. They might learn where they went wrong for all those years when conditions for indigenous Australians were deteriorating, not improving, across this huge country.

I have already referred to the problem of family violence for some indigenous communities. I am very pleased that the member for Lingiari had a good experience and gained a better understanding of family violence when he attended the Reconciliation Australia conference on governance, which was held here. That conference was put together and strongly supported by the Commonwealth government. I am pleased that he learned a little from it. The issue of violence against indigenous women and children is of the utmost concern to our government. We have allocated approximately \$10 million since 1997 for a range of indigenous projects as part of our national Partnerships Against Domestic Violence programs.

We are establishing an Alcohol Education and Rehabilitation Foundation, with funding of \$115 million over four years, and \$23 million of that funding is specifically for indigenous Australians. The member for Lingiari makes a pertinent point that there are more dry communities and less alcohol consumption amongst Northern Territory indigenous communities and

individuals than amongst non-indigenous communities. He often makes that statement, and that is where he leaves it. Our government knows that substance abuse and alcohol consumption are a major concern in many indigenous communities. We have specifically targeted \$253 million—a significant amount—at indigenous communities so they can look at programs to help themselves. So despite the fact that addressing domestic violence is a state and territory government responsibility—that is what the Constitution determined 100 years ago—the federal government is committed to assisting indigenous Australians break out of the cycle of violence which afflicts them. This includes providing preventative services to address problems of alcohol and substance abuse, and assisting people to maintain healthy and constructive family relationships.

I will end by saying again that the amendments to this act are urgent. They are technical amendments, but behind them lie the heart and soul of a government determined to see that our indigenous Australians have a better life experience than they had in the first 200 years after we colonised this country. No-one is more determined than the Howard government to try and recognise, both in a symbolic way and in a practical way, what needs to be done so that every young Australian, whether they are born to an indigenous or a non-indigenous family, reaches their full potential, stands proud as an Australian and if they need extra support will receive that support in a way that is absolutely right for their cultural perspective and where they live in our great Australian landscape. I commend these amendments and this bill to the House.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**FINANCIAL CORPORATIONS (TRANSFER OF ASSETS AND LIABILITIES)  
AMENDMENT BILL 2002**

Debate resumed.

**Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.21 a.m.)—I move:

That this bill be now read a second time.

I rise today to introduce a bill that has already passed through the other place. The **Financial Corporations (Transfer of Assets and Liabilities) Amendment Bill 2002** gives effect to extending the sunset clause until 30 June next year for banks obtaining a banking authority in order to be eligible for concessional tax treatment when transferring assets and liabilities. The extension of the sunset clause was announced by the then Minister for Financial Services and Regulation in August last year. The existing concession is provided for in the Financial Corporations (Transfer of Assets and Liabilities) Act 1993; however this concession expired on 30 June 2001. The extension will apply from 1 July 2001 to maintain continuity in the application of the sunset clause and to prevent ambiguity in interpreting the status of transfers since 30 June 2001.

Passage of the bill will also extend the deadline to effect any subsequent transfer of assets and liabilities from 30 June 2004 to 30 June 2006.

The continuation of the concession is consistent with the original intent of the act of helping foreign banks restructure their operations in Australia by enabling certain taxes and charges to be waived on the transfer of assets and liabilities, including tax losses.

When the sunset clause expired on 30 June 2001 there was confusion in the industry due to the uncertain impact of unresolved tax issues relating to thin capitalisation legislation and



consolidation legislation. This resulted in foreign banks being uncertain about the appropriate structure for their operations in Australia.

Passage of the bill will enable foreign banks to structure their operations with a clearer understanding of the tax regime. The bill will enable a smooth continuation of business activities resulting in positive flow-on effects to the Australian economy and employment levels.

There is strong support from the banking industry—including the International Banks and Securities Association of Australia, IBSA, and Australian Banking Association, ABA, members—for the bill to be passed as soon as possible in order to give foreign banks comfort in arranging their regulatory status following introduction of the thin capitalisation regime from 1 July this year. Passage of the bill is also supported by the Australian Prudential Regulation Authority, the prudential regulator of banking in this country.

Passage of the bill is consistent with promoting Australia as a centre for global financial services and will enhance its standing amongst the international business community.

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

Leave granted for a second reading debate to continue forthwith.

**Mr GRIFFIN (Bruce)** (11.25 a.m.)—I rise to speak today on the **Financial Corporations (Transfer of Assets and Liabilities) Amendment Bill 2002**. The Financial Corporations (Transfer of Assets and Liabilities) Act 1993 allows foreign banks obtaining a banking authority to be eligible for concessional tax treatment when transferring assets and liabilities. This bill amends to extend the sunset clause contained in the act from 30 June 2001 to 30 June 2003. The bill also extends the deadline to affect any subsequent transfer of assets and liabilities from 30 June 2004 to 30 June 2006.

Labor supports the bill. The Financial Corporations (Transfer of Assets and Liabilities) Act 1993 was enacted under the Keating Labor government to remove disincentives to foreign banks restructuring their operations in Australia. This reflected the then government's decision to liberalise foreign bank entry into Australia and to allow foreign banks to apply to establish an authorised branch in Australia to conduct wholesale banking business. Labor's deregulation of financial markets at that time greatly benefited the development of Australia's financial market and the modern economy. The act helped foreign banks to restructure their operations by enabling certain taxes and charges to be waived on the transfer of assets and liabilities, including tax losses, when a foreign bank subsidiary changed to a branch structure. The changes were also designed to ensure that foreign bank subsidiaries which set up before 18 June 1993 and which wanted to convert to a branch structure were not disadvantaged compared with new foreign bank branches.

A deadline of three years was initially provided in order to be eligible for concessional tax treatment when transferring assets and liabilities. That deadline has already been extended and the existing deadline expired on 30 June 2001. The further extension proposed in this bill will apply from 1 July 2001 to maintain continuity in the application of the sunset clause and to prevent ambiguity in interpreting the status of transfers since 30 June 2001. Labor understands that when the sunset clause expired on 30 June 2001 there was confusion in the industry due to the uncertain impact of unresolved tax issues relating to thin capitalisation legislation and consolidation legislation. This resulted in foreign banks being uncertain about the appropriate structure for their operations in Australia. Passage of this bill will enable foreign banks to structure their operations with a clearer understanding of the tax regime. As the Parliamentary Secretary to the Minister for Finance and Administration mentioned, the International Banks and Securities Association of Australia, the Australian Banking Association and APRA support the bill.

Labor has always supported allowing financial institutions to restructure to more appropriate structures, as this should provide lower cost banking services to Australian firms. Labor

opened up the economy in the 1980s. Labor specifically provided for the entry of foreign banks into Australia. Labor introduced the Financial Corporations (Transfer of Assets and Liabilities) Bill in 1993. Labor continues to support that initiative.

While the opposition supports the policy intent of this bill, we are concerned at the lack of transparency regarding the costings accompanying the bill. The explanatory memorandum provides only a single line—‘It is not envisaged that the bill will have a financial impact on the operations of government’—which is far from clear. As I indicated earlier, the significant economic and financial reforms undertaken in the 1980s—the floating of the dollar, the deregulation of the financial market and the simplification of the Corporations Law—have established the framework for the Australian economy and financial market to be internationally competitive. They have led to a more responsive economy and a more vibrant financial sector. Labor remains totally committed to that position. Accordingly, we support this bill, and I commend it to the House.

**Mr KING (Wentworth)** (11.29 a.m.)—In his poem *I’m a Stranger Here Myself* Ogden Nash wrote:

Bankers are just like anybody else, except richer.

Perhaps that is because, as Robert Frost said, a bank is a place where they lend you an umbrella in fair weather and ask for it back again when it begins to rain.

The legislation that is currently before the committee, the **Financial Corporations (Transfer of Assets and Liabilities) Amendment Bill 2002**, is important because it reinforces the beneficial impact of the 1993 legislation referred to by the parliamentary secretary in introducing the legislation and because our banking system is essential to our neo-capitalist system and those who operate business and domestic accounts. Although banks are not everybody’s favourite organisations at the moment, the fact is that competition can only increase the better delivery of services and the better performance by the banks that are in the marketplace.

This bill amends the Financial Corporations (Transfer of Assets and Liabilities) Act 1993 to extend the sunset clause from 30 June 2001 to 30 June 2003 for foreign banks obtaining a banking authority in order to be eligible for concessional tax treatment when transferring assets and liabilities. It also extends the deadline to affect any subsequent transfer of assets and liabilities from 30 June 2004 to 30 June 2006.

The foreign banks operating in Australia will benefit from the amendment. On the face of it, the amendment extends the sunset clause in an uncontroversial way. In effect, it continues the operation of law as it is generally understood. It will give comfort to the foreign investment banking community by allowing continuity of business activities and it will result in positive flow-on effects to the Australian economy and employment levels. It is, as we have already heard, receiving the full support of the opposition, and industry as well supports the amendments.

Amongst others, the Australian Bankers Association has indicated support, as has the International Banks and Securities Association of Australia, some of whose representatives I was pleased to meet here in the House last night following the delivery of the budget by the Treasurer. The passage of the bill is also supported by the Australian Prudential Regulation Authority, the prudential regulator of banking in Australia.

When the Hawke government allowed the entry of foreign banks in 1985 it required them to be established as locally incorporated subsidiaries rather than as branches of the parent bank. In 1991, the House of Representatives Standing Committee on Finance and Public Administration recommended that, subject to meeting certain matters, including prudential requirements, foreign banks should be allowed to operate in Australia as branches. The prime benefit of such a move was said to be the possibility of increased competition in the banking industry. The committee, at that time, was reported to have stated:

By having a broader capital base and improved fund raising capabilities it is evident that a branch of a foreign bank would be in a far better position than a foreign bank subsidiary to compete against the incumbent domestic banks.

In 1992, the previous government decided to allow foreign banks to operate as retail banks in the form of a branch. Following those decisions, foreign banks had to determine whether they wanted to change the structure of their operations in Australia by converting subsidiaries to branches and the transfer act was intended to facilitate the reorganisation of business by bestowing concessional tax treatment on the transfer of assets and liabilities from a subsidiary to a foreign corporation, known as an eligible foreign ADI or authorised deposit institution. One of the problems that arose was that ADIs had been authorised under the Banking Act to conduct banking business in Australia and had received authority from 1993 pursuant to an application made, so long as it was made under the previous legislation before 1 July 2001.

The issue that arises is whether or not there is a strong case for the amendment. I strongly support the legislation. As at February 2002—indeed, my latest information, dated 15 April 2002, from a search of the APRA web site indicates this—there are 12 foreign subsidiary banks operating in Australia. There are 24 branches of foreign banks, whilst there are only some 17 Australian-owned banks authorised by APRA to utilise the name ‘bank’ in their title and to conduct banking operations pursuant to the Banking Act but in accordance with the authorities that only APRA can issue. In that context, it is obviously important, therefore, to ensure that the foreign banks have a relatively even playing field in terms of competing with a local bank so as to ensure that the best outcomes for the Australian community, both business and domestic, in respect of banking arrangements are available to it.

The government introduced the bill to extend the deadline for concessional tax treatment. It stated at the time—and I am now referring to the second reading speech in the other place—that the extension was appropriate given that, when the eligibility period expired on 1 July 2001, there was uncertainty in the industry about changes to the thin capitalisation rules and the consolidation regime which made it difficult for foreign banks to determine the appropriate structure of their operations. New thin capitalisation rules were introduced by the New Business Tax System (Simplified Tax System) Act 2001.

It may be of some assistance and interest if I briefly refer to thin capitalisation rules. They were discussed in some detail in the Ralph report in July 1999. In effect, thin capitalisation refers to the rules which apply to limit the interest deductions available to an Australian entity which is foreign controlled and which has an overseas debt to equity ratio in excess of that permitted. A major function of the thin capitalisation rules is to prevent multinational corporations from so organising their debt to equity ratios that they may claim a maximum interest deduction in Australia in excess of what they would otherwise do if their capital was fairly allocated in respect of their Australian operations.

Those rules were examined as part of the Ralph report and that report noted that a major function of them was to prevent multinational corporations from organising their financial affairs to exploit the Australian tax system. One of the comments in the report was this:

Australia’s current thin capitalisation provisions are not fully effective at preventing an excessive allocation of debt to the Australian operations of multinationals because they refer only to foreign related party debt and foreign debt covered by a formal guarantee rather than total debt. Hence they do not restrict the proportion of third-party debt that can be allocated to the Australian operations.

As a result of those findings, the Ralph report made certain recommendations regarding thin capitalisation rules which were subsequently incorporated in legislation, which has been referred to.

The case for the amendment also relies to some extent upon the importance of a consolidation regime being brought down in due course. The Treasurer has stated that that will commence on 1 July 2002, although it does not appear that legislation to that effect facilitating

those changes has yet been fully brought forward. It is likely, however, that foreign banks will continue to be uncertain about their appropriate structure until that regime is finalised, but it can be anticipated that this legislation is an important and significant advance in that whole process.

It is important to the whole community that we have a strong banking system and that it is competitive. Australian taxpayers, consumers and banking customers want a strong banking system. They want a competitive banking system. They want to be sure that we have not only a strong banking system—which we clearly have at the moment and our big four appear to be doing better than ever—but that the big four are accountable, because we have a competitive environment to ensure that we get the best outcome for businesses and domestic customers in this country. I therefore support the legislation.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.40 a.m.)—in reply—The government does quite sincerely appreciate the support by the opposition for the **Financial Corporations (Transfer of Assets and Liabilities) Amendment Bill 2002** and also the speeches made by the honourable member for Bruce and by my friend and colleague the honourable member for Wentworth.

The passage of the bill that I have introduced today will provide lower transitional costs for those foreign bank subsidiaries that change to a branch structure. A change to a branch structure will allow these banks to conduct their business with a more efficient operating structure and will provide a consumer protection benefit because foreign banks operating with a branch structure will have to comply with a greater range of prudential requirements than does a subsidiary.

There has been some speculation about concern in relation to the lack of quantification of the tax revenue impact. If foreign banks do not receive the concession, they are likely to not restructure and to be forced to keep an inefficient higher cost structure. This may then cause the foreign banks to leave this country, resulting in a loss of services, employment, economic benefits and competition. Having foreign banks here—and I mention this as an aside—also brings in much needed revenue.

When the member for Bruce spoke, he highlighted certain economic reforms of the former Hawke and Keating governments. The government does in fact recognise that there were economic reforms. What is eminently regrettable, however, is that the opposition, under its current leadership, seems to be marching back to the past insofar as the flexibilities, which we saw with the former Hawke and Keating governments, seem to have evaporated with many of the policy announcements and stances being taken by the troglodytes who currently comprise the opposition in this place.

The financial corporations bill will enable a smooth continuation of business activities, with beneficial effects to the Australian economy and employment levels. In addition, the bill is consistent with promoting this nation as a centre for global financial services and will enhance Australia's standing amongst the international business community. I am particularly pleased to commend this bill to the chamber.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**Main Committee adjourned at 11.44 a.m.**

**QUESTIONS ON NOTICE**

The following answers to questions were circulated:

**Health: RU486****(Question No. 62)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) What is the status of the drug RU486 in Australia.
- (2) Is RU486 being used as an abortion drug overseas.
- (3) What are the side-effects of RU486 when it is not properly used in combination with Cytotec (Mifeprostol).
- (4) Will RU486 be banned in Australia.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

- (1) There is no product containing RU486 (also called mifepristone) approved for marketing by the Therapeutic Goods Administration (TGA) and included on the Australian Register of Therapeutic Goods.
- (2) RU486 has been approved by some other international regulatory agencies for the termination of early pregnancy.
- (3) The TGA is unable to comment on the possible side-effects of RU486 as no data has been submitted to the TGA for review of the product in regard to quality, safety and effectiveness. Information on Precautions and Warnings for the use of Mifeprex (US approved) may be obtained from the United States Food and Drug Administration web site at <http://www.fda.gov/cder/foi/label/2000/206871b1.htm>
- (4) The Therapeutic Goods Act 1989 was amended in 1996 to introduce a definition for restricted goods, which are defined as drugs used as abortifacients in women. Under provisions of the Act, the approval of the Minister for Health and Ageing must be obtained before an application to import or register a product intended for use as an abortifacient can progress. An approval given by the Minister in relation to a restricted good must be tabled in both Houses of the Parliament within five sitting days of being given. The importation into Australia of a drug used as an abortifacient in women is prohibited under the Customs (Prohibited Imports) Regulations in the absence of an import permit.

**Health: Pharmaceutical Benefits Scheme****(Question No. 63)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

Will the Minister include the drug Serc on the Pharmaceutical Benefits Scheme for treatment of Meniere's disease.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

Before a medicine can be subsidised under the Pharmaceutical Benefits Scheme (PBS), it must be assessed by the Pharmaceutical Benefits Advisory Committee (PBAC) – an independent expert body of doctors, health scientists, other health professionals and a consumer representative. The Committee is required to take into account a number of criteria in evaluating applications for PBS subsidy, including the medical conditions for which a medicine has been approved for use in Australia and its medical effectiveness, cost effectiveness and safety compared with other treatments.

SERC tablets have been marketed in Australia for many years. Inclusion of SERC on the PBS for the treatment of Meniere's disease has been considered by the PBAC in the past and also more recently since the introduction of a higher strength SERC formulation. The Committee's assessment has been that the clinical and other evidence presented thus far has not been sufficient to justify listing.

In the absence of a supportive recommendation from the Committee, the Government is unable to approve PBS subsidy for this product.

**Lowe Electorate: Medicare Offices**

**(Question No. 64)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) How many Medicare offices are located within the electoral division of Lowe.
- (2) How many new Medicare offices will be located within the electoral division of Lowe in 2001-2002.
- (3) By what criteria are Medicare offices justified and do they include service area, number of inquiries to be catered for, size and location.
- (4) Under the criteria identified in part (3), is the electoral division of Lowe justified in having a new Medicare office.
- (5) If no new Medicare offices are proposed for the electoral division of Lowe in 2001-2002, will the Minister now make provision for them; if so, when.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

- (1) One (1) in Burwood.
- (2) No new Medicare offices. The Burwood site will remain as the only Medicare office.
- (3) Medicare offices are justified based on the following criteria which all must be met to ensure cost-effectiveness of operating an office:
  - the cash claiming volumes generated in the local catchment area
  - the distance to existing Medicare offices
  - the direct billing percentage in the catchment area
  - the total claiming within the catchment area
  - the impact on existing Medicare offices

The number of enquiries are not considered as part of the establishment criteria as the vast majority of enquiries to the Health Insurance Commission (HIC) are handled through one of the 53 public and provider telephone enquiry lines.

- (4) No.
- (5) The HIC (which administers the Medicare program and controls the operation of Medicare offices) is currently investigating the potential impacts that direct electronic access to Medicare services will have on Medicare offices and will use this information to amend the existing establishment criteria. This approach is consistent with the Government's online strategy and the HIC's role in connecting the health sector. Accordingly, the HIC does not intend to open any new Medicare offices at this time.

The Burwood Medicare office has two Medicare offices located within 10 kilometres. Burwood is also close to the city and many residents from Burwood and its catchment area claim in city offices. The establishment of an additional office in the electorate of Lowe could impact on the viability of the existing offices in the area.

**Health: Mental Illness**

**(Question No. 66)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) What are the Medicare item numbers for treatment of (a) depression in all its forms and (b) Post Traumatic Stress Disorder.
- (2) How many claims are made each year under each item number referred to in part (1).
- (3) Are there any forms of treatment for mental illness, mental disorder, psychosomatic or other mental syndrome which are not covered under Medicare; if so, what are they.

- (4) What is the process under which a treatment is assessed for addition to the Medicare scheme.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

- (1) Medicare benefits cover the treatment of (a) Depression in all its forms and (b) Post Traumatic Stress Disorder under non-specific Medicare Benefits Schedule (MBS) attendance items which include psychiatric consultations.

Medicare benefits are payable for Consultant Psychiatrist attendances under items 300 to 352. The item descriptions for these services are non-specific with the exception of item 319.

Medicare benefits are attracted under item 319 only where patients are diagnosed as suffering from:

- severe personality disorder (predominantly from cluster B groupings), or in persons under 18 years of age a severe disruption of personality development; or
- anorexia nervosa; or
- bulimia nervosa; or
- dysthymic disorder; or
- substance-related disorder; or
- somatoform disorder; or
- a pervasive development disorder (including autism and Asperger's disorder).

Medicare benefits are also payable for General Practitioner (GP) and Other Medical Practitioners (OMPs) clinically relevant services under items 1 to 98, 160 to 164 and 601 to 698. The item descriptions for these services are non-specific and would be used by GP/OMPs in the treatment of a range of conditions including psychiatric consultations.

- (2) Medicare benefits cover the treatment of (a) Depression in all its forms and (b) Post Traumatic Stress Disorder under non-specific MBS attendance items which include psychiatric consultations.

Due to the non-specific nature of attendance items it is not possible to provide statistics on the number of Consultant Psychiatrist, GP and OMP services rendered for the treatment of (a) Depression in all its forms and (b) Post Traumatic Stress Disorder as the items encompass all clinically relevant attendances in the treatment of a range of conditions including psychiatric consultations.

The figures listed below include only those services that are performed by a registered provider who is a Consultant Physician in the specialty of Psychiatry, for services that qualify for Medicare benefit and for which a claim has been processed by the Health Insurance Commission (HIC). They do not include services provided by hospital doctors to public patients in public hospitals, services as a result of compensation or insurance claim, or services that qualify for a benefit under the Department of Veterans' Affairs National Treatment Account.

Medicare items processed from December 2000 to December 2001:

Consultant Physician Items;

Item 300 – 61,363	Item 302 – 336,472	Item 304 – 528,025
Item 306 – 910,896	Item 308 – 47,112	Item 310 – 95
Item 312 – 564	Item 314 – 1,170	Item 316 – 25,229
Item 318 – 618	Item 319 – 94,420	Item 320 – 21,984
Item 322 – 86,932	Item 324 – 54,644	Item 326 – 38,247
Item 328 – 5,753	Item 330 – 1,003	Item 332 – 2,675
Item 334 – 2,923	Item 336 – 3,683	Item 338 – 2,032
Item 342 – 29,330	Item 344 – 4,443	Item 346 – 22,302
Item 348 – 1,861	Item 350 – 1,686	Item 352 – 2,001.

GP and OMP Items;

Item 1 – 268,920	Item 2 – 90,511	Item 3 – 1,426,499
Item 4 – 9,930	Item 13 – 17,337	Item 19 – 8,248
Item 20 – 61,646	Item 23 – 80,406,519	Item 24 – 1,486,389
Item 25 – 459,353	Item 33 – 438,990	Item 35 – 1,484,424
Item 36 – 10,267,888	Item 37 – 273,946	Item 38 – 46,201
Item 40 – 52,119	Item 43 – 114,055	Item 44 – 979,331



Item 47 – 43,644	Item 48 – 4,682	Item 50 – 18,929
Item 51 – 13,991	Item 52 – 73,378	Item 53 – 6,631,310
Item 54 – 1,166,024	Item 57 – 238,485	Item 58 – 1,183
Item 59 – 81,719	Item 60 – 21,856	Item 65 – 9,980
Item 81 – 521	Item 83 – 9,868	Item 84 – 1,659
Item 87 – 4,294	Item 89 – 57,041	Item 90 – 19,890
Item 91 – 16,936	Item 92 – 766	Item 93 – 31,618
Item 95 – 4,584	Item 96 – 945	Item 97 – 136,763
Item 98 – 18,117	Item 160 – 7,736	Item 161 – 1,876
Item 162 – 606	Item 163 – 206	Item 164 – 124
Item 601 – 53,151	Item 602 – 19,381	Item 697 – 62,293
Item 698 – 8,851.		

- (3) Medicare benefits are only payable for “clinically relevant” services as defined under Section 3 of the Health Insurance Act 1973. A clinically relevant service is defined as a service rendered by a medical or dental practitioner or an optometrist that is generally accepted in the medical, dental or optometrical profession (as the case may be) as being necessary for the appropriate treatment of the patient to whom it is rendered.

Therefore, the HIC can only pay Medicare benefits on the basis of the doctor’s judgement that the service is a clinically relevant service and compliant with State/Territory regulations.

Non-clinically relevant services might include medical treatments or non-medical treatments for psychiatric conditions that are yet to be proved efficacious.

- (4) The Medicare Benefits Consultative Committee (MBCC) is an informal advisory committee established by agreement between the Minister and the Australian Medical Association (AMA). The MBCC consists of representatives of the Department, the HIC, the AMA and relevant craft groups of the medical profession. The major function undertaken by the MBCC is the review of particular services or groups of services within the MBS, including consideration of appropriate fee levels.

In addition, the Medicare Services Advisory Committee (MSAC) was established in April 1998 to advise the Minister on the strength of evidence relating to the safety, effectiveness and cost-effectiveness of new and emerging medical services and technologies and under what circumstances public funding, including listing on the MBS, should be supported.

### **Veterans: British Nuclear Tests**

#### **(Question No. 68)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

Further to part (2) of the answer by the former Minister for Veterans’ Affairs to question No. 2548 (*Hansard*, 6 August 2001, page 29189), has the Australian Radiation Protection and Nuclear Safety Agency obtained international research regarding the possible effects of exposure to ionising radiation and made this information available to those affected by the British nuclear tests; if not, why not.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member’s question:

The Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) continually monitors international research and publications on the effects to humans of exposure to ionizing radiation. There have been no significant changes to the understanding of these effects since 1986 when a detailed review of the survivors of the atomic weapons tests in Japan was undertaken. The most recent review of the available research on the effects of ionizing radiation on humans is presented in detail in the United Nations Scientific Committee on the Effects of Atomic Radiation, UNSCEAR 2000 Report to the General Assembly, with Scientific Annexes.

ARPANSA generally does not have direct contact with those who participated in British nuclear tests in Australia, as this is the responsibility of the Department of Veterans Affairs. ARPANSA provides information regarding ionizing radiation effects to the Department of Veterans Affairs through participation on inter-departmental committees and through direct contact with officers of the Department.

**Health: Pharmaceutical Benefits Scheme  
(Question No. 70)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) How many reviews has the pharmaceutical firm Schering-Plough Pty Limited submitted to the Pharmaceutical Benefits Advisory Committee (PBAC) for the therapeutic drug REMICADE, used in the treatment of Crohn's disease, to be included on the Pharmaceutical Benefits Scheme (PBS).
- (2) How many Australians are diagnosed as suffering from Crohn's disease.
- (3) Is the Minister able to say whether REMICADE is available in the US and members of the European Union.
- (4) Was REMICADE accorded priority review around the world by health authorities, including the Australian Therapeutic Goods Administration.
- (5) Was REMICADE awarded two awards in France in 2000.
- (6) Is the Minister able to say whether REMICADE is designated an orphan drug in the US.
- (7) Has the Minister's attention been drawn to reports in the Sydney Morning Herald of Monday, 22 October 2001, which reported that the Minister had overruled a PBAC decision to reimburse Herceptin, however, that same decision has not been forthcoming for REMICADE.
- (8) Why did the Minister not overrule the PBAC on its decision for REMICADE.
- (9) Will the Minister permit REMICADE to be covered by the PBS and implemented in similar fashion to that of Herceptin.
- (10) What is the cost of Herceptin per patient.
- (11) What is the estimated cost of REMICADE per patient.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

- (1) Three applications for listing on the Pharmaceutical Benefits Scheme (PBS) have been made for the treatment of moderate to severe Crohn's disease in patients who have an inadequate response to conventional therapies (June 2000, December 2000 and September 2001). Two applications have been made for the treatment of draining enterocutaneous fistulising Crohn's disease (December 2000 and September 2001).
- (2) Approximately 10, 000. About 10% of these would suffer the severity of the disease that would enable them to receive REMICADE (infliximab) in the indications approved by the Therapeutics Goods Administration for registration and the proposed restrictions for PBS listing.
- (3) REMICADE is approved for marketing in the US and the European Union.
- (4) Yes.
- (5) Yes.
- (6) Yes. REMICADE is designated as an orphan drug in the US.
- (7) Yes. The report is incorrect as the Minister did not overrule the Pharmaceutical Benefits Advisory Committee's (PBAC) recommendation. Herceptin is not listed on the PBS. See also answer to Question 8.

The Government in its media release of 11 October 2001, emphasised that the PBAC had acted in accordance with long standing guidelines about its role in advising the Government on pharmaceutical listings and that the Government's decision to create a separate program outside the PBS to make funding for Herceptin available was not bypassing the PBAC or its authority.

- (8) A drug is unable to be subsidised as a pharmaceutical benefit without a supporting recommendation from the PBAC as required by Section 101(4)(b) of the National Health Act 1953. There is no discretion for the Minister to overrule the PBAC and declare a drug as a pharmaceutical benefit in the absence of such a recommendation.
- (9) The Government is unable to list REMICADE or any other new drug on the PBS unless the PBAC has recommended that it do so.

- (10) The cost per patient for a course of treatment with Herceptin is around \$60,000. Those patients who qualify for the separate funding program for Herceptin receive it free of charge.
- (11) The estimated cost of REMICADE for a single course of treatment ranges from about \$3,000 to \$4,000 per patient (depending on the weight of the patient) for the moderate to severe form of the disease, and from about \$6,000 to \$12,000 per patient (depending on the weight of the patient and whether 2 or 3 doses are administered) for the fistulising form of the disease.

### **Health and Ageing: Childhood Learning Disabilities**

#### **(Question No. 88)**

**Mr McClelland** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) What diagnostic services exist in the southern Sydney region for childhood learning disabilities such as autism.
- (2) What treatment services exist for such learning disabilities.
- (3) Does the Government provide funding in respect of any of those services; if so, what are the details.
- (4) What is the waiting list to access both diagnostic and treatment services for learning disabilities including autism.
- (5) What is the length of time for a child to be (a) diagnosed and (b) treated through those services.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

The question you asked regarding diagnostic and treatment services in the southern Sydney region for childhood learning disabilities such as autism does not fall within my area of responsibility as Commonwealth Minister for Health and Ageing.

Support for childhood learning disabilities in the southern Sydney region is provided through the New South Wales Department of Education and Training. I have been advised that the Department of Education and Training is also party to a joint program called the Early Intervention Coordination Program, which draws together a number of State departments involved with the range of issues raised in your question. You may wish to contact that Department for the details you require.

### **Health: Public Hospital Accreditation**

#### **(Question No. 89)**

**Mr McClelland** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

Are there processes in place for the accreditation of public hospitals; if so, (a) what are the processes for that accreditation and (b) what standards does the accreditation process consider.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

The accreditation of public hospitals is a matter for State and Territory Governments and individual hospitals.

### **Health: Private Health Insurance Rebate**

#### **(Question No. 100)**

**Mr Kelvin Thomson** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 February 2002:

- (1) What sum did the Government spend on the private health rebate advertising program during the previous Parliament.
- (2) Will the Minister provide copies of all advertising used to promote the private health rebate.
- (3) Will private health cover become 30 per cent cheaper for all Australians as claimed in the advertising.
- (4) What guidelines has the Government provided to private health companies about the advertising of the private health rebate.

- (5) Has the Government informed recipients of the Private Health Insurance Incentive Scheme that they will not receive the full private health rebate.
- (6) What sum did a pensioner couple receive in rebate if their private health insurance premium was \$254.85 a quarter before 1 January 1999.
- (7) What actual percentage rebate is a pensioner couple receiving if they were paying \$254.85 a quarter for private health insurance before 1 January 1999 and, after receiving the private health insurance rebate, were then paying \$192.95.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

- (1) Total expenditure on the promotion of the 30 per cent Rebate was \$5,491,355.
- (2) Yes, copies of the Commonwealth advertising material used in the campaign in 1999 are currently being retrieved from the archive record of the Department of Health and Ageing and will be provided as soon as possible.
- (3) All Australians who are eligible for Medicare and who are members of registered health funds are eligible for the 30 per cent Rebate which provides a net 30 per cent reduction on the price of private health insurance premiums. The Rebate is equal to 30 per cent of the listed premiums on hospital cover, ancillary cover and a combination on both. It is available irrespective of family type or income.
- (4) On 16 December 1998 a circular was sent to funds containing information on the 30 per cent Rebate. The information comprised:
  - an executive summary of the key points relating to the Rebate;
  - an information sheet on how the rebate will operate;
  - frequently asked questions and answers; and
  - a copy of the Private Health Insurance Incentive Bill 1998 Second Reading Speech

On 31 December 1998 funds were sent a media release which announced the introduction of the Rebate on 27 January 1999.

Information brochures were distributed to health funds on 11 January 1999, and a further distribution was made on 27 January 1999.

On 25 January 1999 a letter from the former Minister for Health and Aged Care encouraging funds to devote particular attention to explaining the transition from the Private Health Insurance Incentive Scheme (PHIIS) to the 30 per cent Rebate was distributed to all health funds. Accompanying the letter was an 'Alert' which explained the transition in full, which was designed to be used by fund members dealing with clients.

A circular emphasising PHIIS changes and options to claim the Rebate was distributed to all registered funds on 11 February 1999.

- (5) The promotion campaign for the Federal Government 30 per cent Rebate, of which mass advertising was only one component, comprised comprehensive material such as information kits, brochures and fact sheets which were distributed widely to private health fund members and to Medicare offices. The information was also made available through the Federal Government 30 per cent Rebate Information line that was heavily publicised through all TV and print advertising.  
The information clearly stated that the 30 per cent Rebate replaced the PHIIS. No one who was receiving PHIIS was worse off under the new scheme. The majority of PHIIS recipients are better off because they receive a full 30 per cent Rebate, whereas under the PHIIS the incentive payment was smaller in the majority of cases.
- (6) In the quarter before 1 January 1999, when the PHIIS was still operating, a pensioner couple with no dependents paying a premium of \$254.85 per quarter (\$1019.40 per annum), would have received either a \$200 rebate per annum for hospital care, or a \$250 rebate per annum for combined hospital and ancillary cover.
- (7) Before 1 January 1999, the pensioner couple under the PHIIS received either 19.6 per cent (if the policy provided hospital cover only - \$200 for a premium of \$1019.40) or 24.5 per cent in

entitlements (if the policy provided combined hospital and ancillary cover - \$250 for a premium of \$1019.40).

Under the Federal Government 30 per cent Rebate on private health insurance, a policyholder will receive a 30 per cent rebate on their premium regardless of the amount of the premium. For example a policyholder, who paid \$254.85 a quarter or \$1019.40 per year as in the example above, would receive \$305.82 per year regardless of the type of cover held. This is equivalent to a quarterly premium of \$178.40 for that policyholder if they choose to receive the 30 per cent Rebate as a premium reduction.

### **Insurance: Health Funds**

#### **(Question No. 147)**

**Mr Latham** asked the Minister representing the Minister for Health and Ageing, upon notice, on 18 February 2002:

Further to the answer to question No. 209 (*Hansard*, 11 May 1999, page 4165 and 23 June 1999, page 5736), what proportion of (a) total health expenditure in Australia was funded by health insurance funds in each year since 1996-97 and (b) recurrent health expenditure was funded by health insurance funds for (i) public acute care hospitals, (ii) private hospitals, (iii) medical services, (iv) dental services, (v) other professional services and (vi) all other services in each year since 1996-97.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

The data below show the proportion of total health expenditure and total recurrent health expenditure funded by private health insurance funds for 1996-97 to 1998-99.

Proportion of total health expenditure met by private health insurance, by area of expenditure, 1996-97 to 1998-99 (per cent)

Area of expenditure	1996-97 <sup>1,2</sup>	1997-98 <sup>1</sup>	1998-99
Public acute care hospitals	3.0	2.6	2.1
Private hospitals	69.8	66.3	63.8
Medical services	2.8	2.7	2.8
Dental services	23.4	23.2	23.5
Other professional services	14.0	13.7	12.6
Other health services (including Admin)	5.9	5.7	5.7
Proportion of total recurrent health expenditure	11.1	10.5	10.2
Proportion of total health expenditure	10.5	9.8	9.5

Source: Australian Institute of Health and Welfare (AIHW), "Health Expenditure Bulletin" series. The latest detailed data available is for 1998-99 (Health Expenditure Bulletin 17, September, 2001).

<sup>1</sup> The figures for the proportion of total health expenditure and proportion of total recurrent health expenditure for 1996-97 and 1997-98 vary slightly from those previously provided to the answer to Question 209. The Australian Institute of Health and Welfare (AIHW) advises that the figures previously supplied were preliminary.

<sup>2</sup> It should be noted that the Private Health Insurance Incentives Act 1997, which came into effect on 1 July 1997, made provision for the subsidisation of health insurance premiums for low income earners. That subsidy was replaced by the 30% rebate, which is available to all members with private health insurance cover. The effect of the subsidy and the rebate is to reduce the amount of health expenditure that is funded through premiums and other earnings generated by the funds. It is regarded by the AIHW, therefore, as Commonwealth Government funding for the types of health services that attract payments by private health insurance funds. This has been the case since 1997-98.

The subsidy and the rebate that replaced it could be claimed as either a reduced premium (in which case the Commonwealth Government reimbursed the health insurance funds) or as a taxation rebate (in which case members paid the full premium to the health insurance funds and claimed the subsidy/rebate through their taxation return after the end of that year). Where the subsidy/rebate results in a reimbursement to the health insurance funds, it is treated by the AIHW as health expenditure that was funded by the Commonwealth Government.

This means that the proportion of health expenditure funded by premiums and other earnings of the health insurance funds is lower than the proportion of health expenditure funded through the health insurance funds. In the case of subsidies or rebates claimed by members through their taxation return, this also could be regarded as funding that is ultimately sourced from the Commonwealth Government. However, because that funding does not flow back through the funds, but goes directly to fund members, it has not been treated by the Institute as funding by the Commonwealth in its analyses of expenditure by 'area of expenditure'.

The AIHW has in recent publications adjusted the way it presents its detailed health expenditure analyses. This makes it now possible to extract data according to whether the expenditure was funded by the health insurance funds or through the health insurance funds. In preparing the figures for this table, the AIHW's estimates of expenditure funded through the private health insurers have been used to give a more relevant answer to this question on notice.

**Egypt: Coptic Christians**  
**(Question No. 171)**

**Mr Murphy** asked the Minister for Foreign Affairs, upon notice, on 21 February 2002:

- (1) Has his attention been drawn to an article published by the US Copts Association from the Coptic Information Centre, titled Coptic Priest blamed for the Muslim violent hate crimes in Bani Wellmes dated 12 February 2002.
- (2) Is he able to say whether, at the consecration of the Church of the Virgin Mary in the town of Bani Wellmes of Al Minya, Egypt, the new church was stormed by tens of armed Muslims who set it on fire along with five houses and three cars, leaving 10 Copts wounded.
- (3) Were two buses carrying parish (sic) from the Church of St George (Heliopolis, Cairo) to the consecration ceremony also attacked by the villagers.
- (4) Did it take the local police over four hours to arrive at the scene and were Muslim villagers seen preventing the fire trucks from entering the village to extinguish the fire inside the Church.
- (5) Did the necessary process of obtaining a construction permit from the president take over 20 years and does the Hamayoni Decree enable the Muslim public to destroy churches using the excuse that these churches were illegally built.
- (6) Is the priest, Fr Luka Ibrahim Sargious, under arrest and being questioned on the charge of firing a hunting rifle; if so, (a) can he verify with the Egyptian Government whether Fr Sargious has been charged, (b) under what provision of what criminal code is Fr Sargious charged and (c) has the charge gone to trial; if not, when can the Egyptian Government reasonably expect the matter to go to trial.

**Mr Downer**—The answer to the honourable member's question is as follows:

- (1) No, I have not seen this article. My Department, however, has obtained media reports of the incidents in Bani Wellmes. The Australian Ambassador in Cairo was asked to seek official Egyptian Government and other comment on the incidents, including the points raised in the honourable member's question. The Egyptian Government spokesman's account of the incidents was broadly similar to the reports of reliable media outlets and other Embassy contacts, although there were differences on some points. Given current restrictions on access to Bani Wellmes our Embassy is unable to assess or confirm the particular reports at first hand. According to the Government spokesman, the incidents were not so much symptomatic of systemic prejudice against Copts in Egypt as the result of a combination of "ignorance and lack of understanding" of the villagers involved and provocative actions by members of the local Coptic Church.
- (2) At the reconsecration of the Church of the Virgin Mary in Bani Wellmes, a group of Muslim villagers attacked and set fire to the Church. Eleven people (including two police officers) received minor, superficial injuries. Five houses and three vehicles were set on fire.
- (3) There are conflicting reports as to whether two buses carrying parish members from Cairo to attend the reconsecration ceremony were attacked. The Egyptian Government spokesman denies that this happened, but at least one other source whom our Embassy considers reliable maintains that it did.
- (4) According to the Egyptian Government spokesman, three commissioned officers were on the scene at the time the attack on the Church took place. They immediately called for back-up and within 90 minutes the situation was under control. The spokesman denied that Muslim villagers sought to

prevent fire trucks from entering the village to extinguish the fire in the Church. Another Embassy contact, however, advised that some villagers had told him that police forces arrived two hours after the event and also that villagers tried to stop fire trucks from entering the village.

- (5) The Government spokesman confirmed that administrative rules apply to the construction and renovation of churches and that government permission is required. In the case of the Church of the Virgin Mary in Bani Wellmes, renovation of the church had commenced without the finalisation of permits, but this had not been a problem. The renovation had proceeded, yet the Government had not intervened.

The Hamayouni Decree bans the building or renovation of churches without the permission of the President of Egypt. According to the decree, police can stop by force any religious rites by Christians if a construction or renovation permit for the church was not obtained. It is not clear whether the Decree bestows commensurate powers on the Muslim public. In November 1998, Copts challenged the decree in the constitutional court, but a verdict has not yet been returned. President Mubarak recently devolved his powers under the decree to district governors, a move reported to have been received favourably by Pope Shenouda and many Copts.

- (6) Fr Sargious has been arrested and is in detention. Fr Sargious has admitted to firing the shotgun, but claims his actions were in self-defence. His case – including charges of being armed with a shotgun and pistol, and endangering life – have been referred to the public prosecutor, and is under investigation. The public prosecutor will determine when the case will go to trial. The trial date will be set when the public prosecutor has finalised investigations and the matter has been referred to an appropriate court.

#### **United Nations Conventions and Protocols**

##### **(Question No. 184)**

**Mr Melham** asked the Minister for Foreign Affairs, upon notice, on 11 March 2002:

- (1) Did Australia accede with reservations to the 1951 Convention relating to the Status of Refugees in 1954 and withdraw the reservations in 1967 and 1971.
- (2) Did Australia on 13 December 1973 accede to the (a) 1954 Convention relating to the Status of Stateless Persons, (b) 1961 Convention on the Reduction of Statelessness and (c) 1967 Protocol relating to the Status of Refugees.
- (3) Which countries on or near the sea and air routes between the Mediterranean and Australia are parties to the (a) 1951 Convention and (b) 1967 Protocol.
- (4) Which of the other countries on or near the sea and air routes between the Mediterranean and Australia has the Government asked to become parties to the Convention and Protocol and on what dates, in what circumstances and with what results has the Government asked them to do so.
- (5) Which of the countries referred to in parts (3) and (4) are members of the Executive Committee of the UNHCR's Program.
- (6) What are the names, positions and qualifications of the persons who represented Australia at the 52nd session of the Executive Committee held between 1 October and 5 October 2001.

**Mr Downer**—The answer to the honourable member's question is as follows:

- (1) Yes.
- (2) Yes.
- (3) The countries on or near the sea and air routes between the Mediterranean and Australia which are parties to the 1951 Refugee Convention and the 1967 Protocol are: Cambodia, China, Cyprus, Djibouti, Egypt, Ethiopia, Greece, Iran, Israel, Kazakhstan, Kyrgyzstan, Papua New Guinea, the Philippines, Somalia, South Africa, Sudan, Tajikistan, Turkey, Turkmenistan, and Yemen.
- (4) Australia has a long record of encouraging accession to the Refugees Convention and Protocol in its dealings with non-signatory states both bilaterally and in a variety of international forums. It is not possible to itemise all the occasions since the Convention was signed in 1951 on which Australia has advocated accession.
- (5) Of the countries on or near the sea and air routes between the Mediterranean and Australia who are parties to the Refugee Convention and the Protocol, those which are members of the Executive



Committee of the High Commissioner's Program are: China, Ethiopia, Greece, Iran, Israel, the Philippines, Somalia, South Africa, Sudan, and Turkey.

- (6) The members of the Australian delegation to the 52nd session of the Executive Committee and their positions and qualifications were:

Ms Jennifer Bedlington, First Assistant Secretary, Refugee and Humanitarian Division, Department of Immigration and Multicultural Affairs

H.E. Mr Leslie Luck, Ambassador Extraordinary and Plenipotentiary for Disarmament, Permanent Representative to the United Nations Office at Geneva

Mr Rod Smith, Assistant Secretary, International Organisations Branch, Department of Foreign Affairs and Trade

Mr Paul Flanagan, Assistant Director General, Humanitarian and Community Branch, AusAID

Mr Dominic English, Director, Middle East and Africa Section, International Cooperation Branch, Refugee and Humanitarian Division, Department of Immigration and Multicultural Affairs

Mr Kerry Kutch, Counsellor (Development), Permanent Mission to the United Nations Office, Geneva

Ms Robyn Bicket, (Outgoing) Counsellor (Immigration), Permanent Mission to the United Nations Office, Geneva

Ms Vicki Parker, (Incoming) Counsellor (Immigration), Permanent Mission to the United Nations Office, Geneva

Ms Stacey Greene, Program Officer, Humanitarian Emergencies Section, AusAID.

### **Migration Review Tribunal and Refugee Review Tribunal**

#### **(Question No. 189)**

**Mr Murphy** asked the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 11 March 2002:

- (1) What is the estimated waiting time from filing of applications for appellants to the Migration Review Tribunal (MRT) and Refugee Review Tribunal (RRT) to the dates the applications are heard.
- (2) How many cases are waiting to be heard in the MRT and RRT.
- (3) What steps are being taken to reduce the waiting time from date of lodgement to date of hearing in the MRT and RRT.
- (4) If he is unable to answer any of parts (1) to (3), why.

**Mr Ruddock**—The answer to the honourable member's question is as follows:

- (1)

- **MRT**

The MRT does not presently maintain statistics on the time taken from the lodgement of a review application to its hearing by a member. Rather, it keeps statistics on the average total time taken to finalise an application for review, which takes the application from its lodgement, through its hearing, to its finalisation with a decision.

The time taken to finalise cases varies according to the nature of the case and the priority assigned to it. As the MRT cannot commence work on all cases immediately they are received, the Principal Member has given directions as to the order in which cases are to be allocated.

Highest priority (Priority Group 1) is given to cases to which the Tribunal is required to give priority by law. These include cases involving persons held in immigration detention and visa cancellation cases. Also included are certain visitor visa cases. Work commences on these cases immediately.

Priority Group 2 includes cases remitted from the Federal Court to the Tribunal for reconsideration. It also includes cases that are considered to warrant priority processing because of special circumstances of a compelling or compassionate nature. Such circumstances may include where further delay would result in the continuing separation of a child from a parent, or of a carer, and cases where domestic violence is involved. Work usually commences on these cases shortly after receipt or upon their being identified as warranting inclusion in this group.

Priority Group 3 includes applications relating to:

- temporary 'onshore' visa cases where the visa applicant is in Australia and the period sought for the visa would otherwise expire before the Tribunal completed its review;
- cases identified as being able to be finalised quickly with minimal impact on delays experienced by other review applicants (e.g. where a case can be resolved quickly on the available evidence or because significant new evidence becomes available);
- cases that are identified for processing through a taskforce or targeted approach (e.g. arrangements to deal with enrolment peaks for student visas, assigning case teams or members to deal with a batch of cases that require specialised knowledge).

Priority Group 4 (lowest priority), includes applications relating to:

- an application for a visa that, if granted, would be granted within Australia - in order of the date of lodgement of the review application, and
- an application for a visa that, if granted, would be granted outside Australia - in order of the date of lodgement of the review application, less than 6 months (180 days).

The following table indicates the mean time taken for a case to be finalised by the MRT by case type, based on data for the financial year 2001-02 to 31 March 2002.

Visa type and Category	Mean Time Taken to finalise (months)	Number of cases finalised
Visa Refusal – Bridging	1.0	529
Visa Refusal – Visitor	6.0	393
Visa Refusal – Student	9.0	820
Visa Refusal - Temp Business	16.6	710
Visa Refusal - Perm Business	17.4	88
Visa Refusal - Skill Linked	28.8	487
Visa Refusal – Partner	14.7	1056
Visa Refusal – Family	17.6	936
Visa Refusal – Other	13.5	184
Cancellation – Bridging	1.3	92
Cancellation – Visitor	3.3	12
Cancellation – Student	4.3	335
Cancellation - Temp Business	5.1	38
Cancellation – Partner	8.6	7
Cancellation – Family	12.4	3
Cancellation – Other	2.0	7
Non Revocation of automatic cancellation of student visa	1.0	6
Employer Nomination	13.5	12
Temp Business Sponsorship	15.6	170
Other	-	
Total	-	5948

- RRT

For the period 1 July 2001 to 31 March 2002, the median time from lodgment of an application in the RRT to the hearing was 209 days.

In relation to detention cases, the timelines are much shorter. In those cases, the median average time from lodgment of an application in the RRT to hearing was 44 days.

While the RRT seeks to resolve cases as quickly as possible, some delays are out of its hands. For instance, the review process can be slowed by the need to finalise a Freedom of Information request after the review application is lodged with the Tribunal.

(2)

- MRT

As at 31 March 2002, the MRT had 8,272 cases on hand (compared to 8,184 on 30 June 2001). Of these, 2,670 had been allocated to members, with a further 404 cases being worked on by case officers preparatory to the case being allocated to a member.

The on hand caseload is made up of the following categories of cases as at 31 March 2002:

Visa type and Category	Number of cases
Visa Refusal – Bridging	47
Visa Refusal – Visitor	241
Visa Refusal – Student	487
Visa Refusal – Temp Business	1067
Visa Refusal – Perm Business	419
Visa Refusal – Skill Linked	970
Visa Refusal – Partner	2374
Visa Refusal – Family	1473
Visa Refusal – Other	254
Cancellation – Bridging	12
Cancellation – Student	293
Cancellation – Other	58
Temp Business Sponsorship	446
Other	131
Total	8272

- RRT

As at 31 March 2002, the RRT had 5,392 cases on hand (compared to 5,960 on 30 June 2001). Of these, 1,562 had been allocated to members and 3,830 cases were awaiting allocation to a member. Of those allocated cases, 486 had been heard, 820 had been set down for hearing and 256 were yet to be set down for hearing.

(3)

- MRT

The MRT's capacity to reduce waiting times has been significantly impacted on by the increased number of applications for review lodged with the MRT. In 1999-2000 the MRT received 6,480 new cases and 7,211 in 2000-01. It is estimated that in 2001-02, the MRT will receive at least 8,100 new cases and possibly as many as 8,500. This growth in the number of applications lodged has meant that despite substantially increasing the number of cases finalised, there has been limited capacity to reduce waiting times.

The MRT is undertaking a wide range of actions with the aim of reducing the waiting time from time of lodgement to date of hearing and subsequent finalisation:

- *liaison with DIMIA*

There is little direct influence that the MRT can exert in respect of the number of applications being lodged with it. However, the MRT provides input to DIMIA in order to assist it identify areas where it can achieve better quality decision making and where its procedures may be able to be modified to avoid applicants having to apply to the MRT.

For example, the MRT has worked with DIMIA to facilitate the placement of a DIMIA officer in its registries to undertake a quality assurance audit of DIMIA decision making and procedures. This arrangement has proved successful in Sydney and is now being repeated in the Melbourne and Canberra registries of the MRT.

- *continuous improvement of MRT procedures and work practices*

The MRT is constantly working towards making its procedures and work practices more effective. The MRT has in place or is about to embark on a range of initiatives aimed at improving its effectiveness as an organisation:

- it has established a number of change management committees including:
  - a Best Practice Committee to identify priorities for reviewing aspects of the Tribunal's operations and to oversight the establishment, framework, resourcing and progress of reviews, and consultative arrangements.
  - a Case Review Model Committee to oversee a review of the Tribunal's Case Review Model to identify areas where the MRT's case management related work practices can be improved.
  - a Member Performance and Development Committee to develop proposals for performance appraisal and training and development arrangements for members.
  - an Activity-Based Costing Committee to oversight the current activity-based costing exercise. Activity-based costing is a means of measuring the cost of doing business by breaking down the work into a series of activities. This will give the MRT a better understanding of how resources are utilised.

Other reviews or projects that are being progressed or considered include:

- a review of telecommunication strategies - internal and external.
- the development of an innovation scheme.
- a review of the Client Service Charter.
- *expansion of the MRT*

The MRT has grown in size since it was initially set up in response to its increasing caseload. The extent of any further growth is currently being considered taking into account anticipated productivity improvements, estimated future application rates (ie an application rate of 8,000 cases per year in future years) and the likely make up of this caseload. Current indications are that with some limited growth in the number of members and case officers from 2002-03, the MRT should be able to achieve significant reductions in waiting times over the next two years.
- *RRT*

The RRT's caseload management strategy is focussed on resolving cases (particularly detention cases) as quickly as possible, and reducing the backlog. This has been made more difficult in recent years by the increase in the number of applications, particularly from applicants in detention. The number of detention applications lodged rose from 334 in 1996-97 to 1,054 in 2000-01.

The RRT has in place a number of measures to increase its efficiency. In the most recent financial year, it

  - continued its policy of allocating detention cases immediately to a member, and requiring members to finalise such cases within 70 days of allocation
  - targeted cases from the two largest source countries the People's Republic of China and Indonesia
  - concentrated on cases which represented a significant proportion of the backlog including India, Sri Lanka, Bangladesh, Burma, Pakistan, the CIS, Nepal, Colombia, Egypt, Lebanon and former Yugoslavia.
  - identified and allocated cases from countries where applicants rarely attend hearings principally Malaysia, the Philippines, Thailand and South Korea
  - continued to identify cases with similar claims within the caseload to reduce the need to re-search afresh country information in a diverse caseload and enable quicker finalisation of cases

Measures the RRT is currently undertaking to expedite processing times and reduce waiting times include:

  - a major 'Streamlining' exercise to see what activities by members and staff can be undertaken more expeditiously
  - continued focus on quickly finalising detention cases and reducing the backlog of other cases

- providing improved reports to members on their caseload to assist them manage their individual caseloads more efficiently and identify their progress to meeting their individual allocation
- continued training and focus group discussions for members on legal and country information developments to ensure all members are fully acquainted with current information to facilitate decision making
- the addition of new members to increase the number of decisions undertaken by the RRT.

While the size of the backlog is an issue of concern to the RRT, it needs to be seen in context. The RRT has seen a substantial increase in the number of applicants, particularly applicants in detention, over the last couple of years. Through the measures outlined above and other factors, the size of the backlog is beginning to reduce. As at 1 July 2001, the total number of cases not allocated to a member was 4,550; in the course of the last eight months, that has been reduced to 3,830, a reduction of 16%.

- (4) The above sets out full answers to parts (1) to (3).

### **Local Government: Grants**

#### **(Question No. 209)**

**Ms Vamvakinou** asked the Minister for Regional Services, Territories and Local Government, upon notice, on 12 March 2002:

What sums were allocated in local government financial assistance grants in (a) 1998-99, (b) 1999-2000 and (c) 2000-2001 to the (i) City of Hume, (ii) City of Brimbank, (iii) Shire of Moreland and (iv) Shire of Nillumbik.

**Mr Tuckey**—The answer to the honourable member's question is as follows:

The allocations of local government financial assistance grants to the named local government areas (LGAs) are as follows:

LGA	1998/99	1999/00	2000/01
(i) City of Hume	\$4,613,966	\$5,217,809	\$6,120,053
(ii) City of Brimbank	\$8,265,896	\$8,930,030	\$9,786,227
(iii) Shire of Moreland	\$8,192,285	\$8,278,552	\$7,857,343
(iv) Shire of Nillumbik	\$2,944,776	\$2,837,547	\$2,735,384

### **Health: Cochlear Implants**

#### **(Question No. 213)**

**Mr Murphy** asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 March 2002:

Has the Government withdrawn, or does it intend to withdraw, the requirement for private health funds to reimburse Cochlear implants for the cost of speech processor upgrades or replacements; if so, why.

**Mr Andrews**—The Minister for Health and Ageing has provided the following answer to the honourable member's question:

The Government has not withdrawn the requirement for private health funds to pay for replacement Cochlear speech processors or upgrades under hospital tables, but does intend to withdraw this requirement in future. This is in line with a recommendation by the Private Health Industry Medical Devices Expert Committee, which advises the Government on items for inclusion on Schedule 5 (the Prostheses Schedule) under the National Health Act 1953 (the Act). This Schedule is set out under paragraph (bj) of the Act, which refers to 'hospital treatment'.

Cochlear replacement speech processors and a range of other items on the Prostheses Schedule were reviewed by the Committee. The Committee found that the replacement speech processors are not provided during an episode of hospital treatment.

The Committee recognised the beneficial outcomes of Cochlear replacement speech processors and recommended that health funds consider funding these devices under their ancillary tables. Some

health funds have now advised their intention to provide cover for these devices under their ancillary tables.

The withdrawal of Cochlear replacement speech processors from the Prostheses Schedule has been deferred pending further advice from the remaining private health funds as to the inclusion of these items on ancillary tables and discussion with health funds about notifying affected members of this change. Therefore, as at March 2002 these items remain on the Prostheses Schedule as notified in the Commonwealth Gazette S59 on 27 February 2002.

### Australia Council: Funding

#### (Question No. 234)

**Mr Jenkins** asked the Minister representing the Minister for Communications, Information Technology and the Arts, upon notice, on 14 March 2002:

What projects did the Australia Council fund in the Melbourne metropolitan area in (a) 1998-99, (b) 1999-2000 and (c) 2000-01 and what was the (i) expenditure on, (ii) location of, and (iii) purpose of, each project.

**Mr McGauran**—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member's question:

The Australia Council has provided details of the projects it funded in 24 Federal electorates covering the Melbourne metropolitan area during 1998-99, 1999-2000 and 2000-01. Because of its volume, this information has been provided separately to the honourable member and a summary is provided below.

(ii) Location (Federal electorate)	No. of projects	(a) 1998-99 (i) Total expenditure (\$)	No. of projects	(b) 1999-2000 (i) Total expenditure (\$)	No. of projects	(c) 2000-01 (i) Total expenditure (\$)
Aston	-	-	-	-	-	-
Batman	14	296,399	37	817,993	31	528,497
Bruce	2	28,500	3	60,940	4	66,346
Calwell	-	-	1	10,500	1	25,000
Casey	1	3,000	1	13,000	1	15,000
Chisholm	3	16,030	2	98,000	2	85,000
Deakin	4	42,000	2	30,495	2	24,350
Dunkley	-	-	-	-	-	-
Gellibrand	16	284,329	14	489,078	19	1,105,984
Goldstein	1	8,800	7	225,387	5	68,000
Higgins	12	341,650	16	955,311	16	521,907
Holt	1	16,595	-	-	-	-
Hotham	2	4,675	4	54,760	6	158,485
Isaacs	1	13,562	1	5,000	-	-
Jagajaga	2	13,000	2	11,068	7	191,885
Kooyong	8	154,789	5	80,123	5	64,000
La Trobe	4	45,855	2	29,000	6	79,510
Lalor	1	9,800	-	-	2	31,400
Maribyrnong	2	55,370	-	-	-	-
Melbourne	137	5,146,751	115	3,747,042	117	3,685,328
Melbourne Ports	81	7,216,512	62	6,983,724	50	12,750,605
Menzies	2	21,000	1	80,000	3	30,000
Scullin	1	21,700	-	-	-	-
Wills	5	118,894	8	111,776	6	95,836
Total	300	13,859,212	283	13,803,197	282	19,527,135

**Local Government: Grants****(Question No. 246)**

**Mr Jenkins** asked the Minister for Regional Services, Territories and Local Government, upon notice, on 14 March 2002:

What sums were allocated in local government financial assistance grants in (a) 1998-99, (b) 1999-2000 and (c) 2000-2001 to the (i) City of Whittlesea, (ii) City of Banyule, (iii) Shire of Nillumbik and (iv) City of Darebin.

**Mr Tuckey**—The answer to the honourable member's question is as follows:

The allocations of local government financial assistance grants to the named local government areas (LGAs) were as follows:

LGA	1998/99	1999/00	2000/01
(i) City of Whittlesea	\$4,789,533	\$5,443,781	\$6,411,296
(ii) City of Banyule	\$5,230,092	\$5,436,686	\$5,195,102
(iii) Shire of Nillumbik	\$2,944,776	\$2,837,547	\$2,735,384
(iv) City of Darebin	\$7,714,902	\$7,336,153	\$7,178,964

**Chinese Embassy: Falun Gong Protest****(Question No. 264)**

**Mr Kerr** asked the Minister for Foreign Affairs, upon notice, on 19 March 2002:

- (1) What steps were taken to restrict Australian Falun Gong supporters outside the Chinese Embassy from expressing their concern and anger about the suppression of Falun Gong adherents by the Chinese Government.
- (2) Who asked that these actions be taken.
- (3) Was the Minister or any of the Ministers staff involved in the decision or made aware of the decision to crack down on the protest before that action was taken.
- (4) Who decided it was necessary to take such actions and what reasons were given.
- (5) Had the Falun Gong done anything beyond exercising their right to peaceful civil protest.

**Mr Downer**—The following is the answer to the honourable member's question:

- (1) On 16 March 2002, I (Mr Downer) signed certificates, provided for under regulations made pursuant to the Diplomatic Privileges and Immunities (DPI) Act 1967, that certified – in part - that the presence of certain prescribed objects – namely banners erected as part of a protest conducted by members of the Falun Gong and instrument used to make amplified noise as part of the same protest – on land opposite or near the Chinese Embassy impaired the dignity of the mission. The certificates further provided that the removal of the prescribed objects would be an appropriate step to prevent the impairment or the continuation of the impairment of the dignity of the Chinese Embassy.
- (2) The Minister for Foreign Affairs.
- (3) Yes. See Question Two.
- (4) The Minister for Foreign Affairs. As described in the Certificates, which will be tabled in Parliament, the prescribed objects referred to in Question One were considered to impair the dignity of the Chinese Embassy. Removal of the objects was necessary to restore the dignity of the Embassy.
- (4) Yes. The nature of the protest was impairing the dignity of the Chinese Embassy. The long-standing Canberra picket had involved a range of large, staked, banners that had been set up without a permit and were in breach of Commonwealth and ACT laws. The behaviour of Falun Gong protesters in Melbourne on 8 March 2002 – in which they protested inside the grounds of the Chinese Consulate – was also unacceptable. It was a clear breach of the Public Order (Protection of Persons and Property) Act 1971. The Act implements Australia's obligations under the Vienna Conventions, including protecting foreign missions against intrusion or damage and to prevent disturbance of the peace, or impairment of the dignity of the mission.



**Defence: Pine Gap**  
**(Question No. 287)**

**Ms Plibersek** asked the Minister representing the Minister for Justice and Customs, upon notice, on 21 March 2002:

- (1) How many Australian Protective Service Officers are presently stationed at the Pine Gap Joint Defence Facility.
- (2) Has this number increased or decreased over the past twelve months; if so, by how much.

**Mr Williams**—The Minister for Justice and Customs has provided the following answer to the honourable member's question:

- (1) There are currently 43 officers stationed at the Pine Gap Joint Defence Facility.
- (2) The number of staff has increased by six in the last twelve months. The increase is to cater for the APS providing an additional Counter Terrorist First Response (CTFR) function at the Alice Springs Airport as part of the Government's response to the terrorist attacks of 11 September 2001.