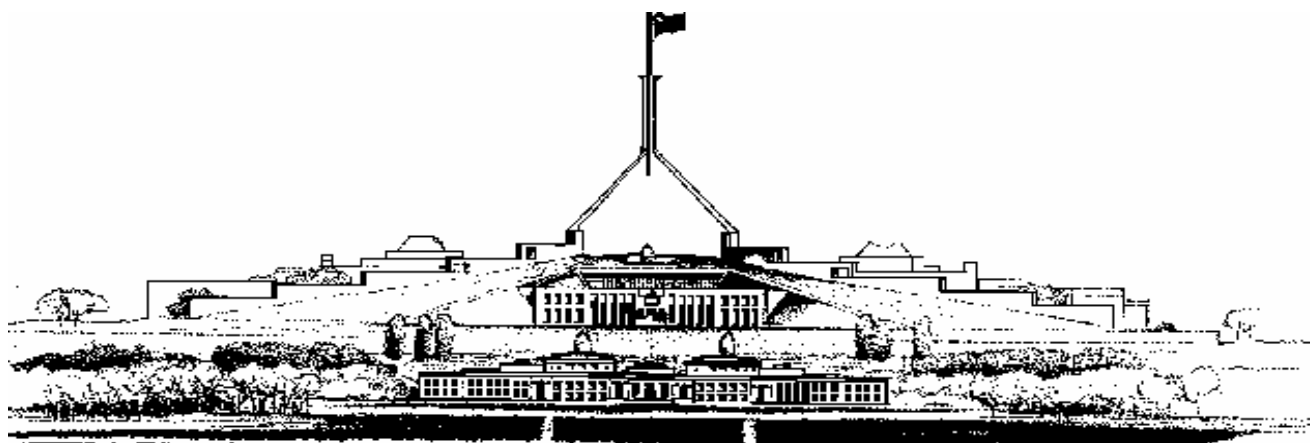




COMMONWEALTH OF AUSTRALIA

**PARLIAMENTARY DEBATES**



**HOUSE OF REPRESENTATIVES**

**Official Hansard**

**No. 11, 2004**

**Wednesday, 23 June 2004**

FORTIETH PARLIAMENT  
FIRST SESSION—EIGHTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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### SITTING DAYS—2004

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February	10, 11, 12, 16, 17, 18, 19
March	1, 2, 3, 4, 8, 9, 10, 11, 22, 23, 24, 25, 29, 30, 31
April	1
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October	5, 6, 7
November	1, 2, 3, 4, 22, 23, 24, 25, 29, 30
December	1, 2

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<i>HOBART</i>	747 AM
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Wednesday, 23 June 2004

The **SPEAKER (Mr Neil Andrew)** took the chair at 9.00 a.m. and read prayers.

## COMMITTEES

### Treaties Committee

#### Report

**Dr SOUTHCOTT (Boothby)** (9.01 a.m.)—On behalf of the Joint Standing Committee on Treaties, I present the committee's report, incorporating a dissenting report, entitled Report 61: *The Australia-United States free trade agreement*.

Ordered that the report be printed.

**Dr SOUTHCOTT**—by leave—Since its establishment in 1996, the Joint Standing Committee on Treaties has reported on all treaties signed by Australia. The free trade agreement with the United States is of unprecedented breadth and complexity. During the course of a three-month inquiry, the committee received 215 submissions and held 11 days of public hearings in seven cities. The committee report has 23 recommendations. The committee believes that the recommendations are consistent with the spirit and text of the agreement and are made in response to suggestions which were made in submissions or by witnesses during the course of the inquiry. The first 22 recommendations were unanimous and were drafted with opposition members on the presumption that opposition members would support ratification of the free trade agreement. The report is almost 300 pages long and we have a one-page dissent, which was received late last night. The dissent does not say 'vote it up' and it does not say 'vote it down'; all it says is that more time is required.

The committee examined the economic models, especially the report of the Centre for International Economics. The CIE report

said that, in 10 years time, the most likely outcome of ratification of this treaty is an increase of \$6.1 billion in GDP, or an increase of \$5.6 billion in GNP. There is a 95 per cent probability that in 20 years time—using sensitivity analysis—GNP will be between \$1.1 billion and \$7.4 billion higher. There has been a wide debate on economic models. Economic models depend on their underlying assumptions but the main thing is that this figure is positive. The committee has concluded that Australia will receive a positive economic benefit from the Australia-United States free trade agreement.

In general, the evidence showed a high level of satisfaction with the consultation and the conduct of negotiations by DFAT. While there are some recommendations in this area, the committee heard high praise for the conduct of Australia's negotiators and the consultation they conducted. I would like to praise Mr Stephen Deady for his comprehensive understanding of the agreement and for the two days that he appeared before the committee to, firstly, brief us on it and, secondly, respond to the concerns that we had picked up in evidence.

Some submissions and witnesses raised the issue of multilateral versus bilateral liberalisation. Almost all of the evidence before the committee was that multilateral liberalisation is preferable to bilateral liberalisation. The department said this, but this was not the question. The question was: in the absence of progress in the Doha Round, should Australia be seeking increased access with the United States in a bilateral liberalisation? Australia has a longstanding bilateral free trade agreement. The Australia-New Zealand Closer Economic Relations Trade Agreement has been operating since 1983. In that period we have seen greater integration and a 500 per cent increase in trade between Australia and New Zealand. Over that 21-year period we have seen—as I believe we will see with

the US free trade agreement—that it has evolved and that it is very much, in the words of Andrew Stoler, one of the witnesses, ‘a living agreement’.

The evidence heard by the committee can be categorised into three groups. There were those who supported ratification, and they included Alcoa, the Australian Dairy Industry Council, Medicines Australia, the Australian Information Industry Association, Meat and Livestock Australia, the Peanut Company of Australia, the Ford Motor Company of Australia, Baxter Healthcare, the Business Council of Australia, the Australian Chamber of Commerce and Industry, the Minerals Council of Australia, the Federal Chamber of Automotive Industry, the Australian Medical Association, Holden, the Australian Wine and Brandy Corporation, the National Farmers Federation, the Winemakers Federation of Australia, Horticulture Australia, the Australian Stock Exchange, the Tuna Boat Owners Association, the Distilled Spirits Industry Council of Australia, the Australian Meat Industry Council, the AUSTA Business Group—which is a group of about 50 of Australia’s most well known companies—CPA Australia and the South Australian Farmers Federation.

In their submission, the South Australian state government said:

But even with the disappointing outcome in this sector, the South Australian Government considers that the AUSFTA will provide substantial benefits to the South Australian economy and community.

In a letter from the Queensland government, Peter Beattie, the Queensland Premier, said:

I believe that the AUSFTA will deliver important benefits to Queensland and Australia.

I should say he did go on to say:

I also have some concerns about specific aspects of the agreement which I believe should be care-

fully considered by the committee prior to it reporting to Parliament.

We have done that. Even Queensland Sugar and the Cane Growers Council, who were disappointed that we were not able to gain increased access to the US market, had high praise for the conduct of negotiations, had high praise for the conduct of consultations and did say they did not believe that ratification should be held up because of them.

We had submissions from the ACTU, the AMWU, Dee Margetts and others, AFTINET and so on, and they were opposed to ratification. They were opposed to every chapter; usually they had about 10 reasons why the FTA was bad. It is just not credible to come up with something that is so unbalanced. They seemed to have an unrealistic notion that in a negotiation we would receive 100 per cent of our demands and we would concede nothing in return. They seemed to believe that we had achieved nothing and had conceded 100 per cent. The agreement needs to be seen in toto—but that is just an extreme argument.

Then there was a third group of submissions and evidence before the committee, which was very helpful, from people who focused on specific chapters, whether they were on intellectual property, on the Pharmaceutical Benefits Scheme or on investor-state disputes, and they put their minds to making constructive suggestions to the committee. On the basis of all the evidence, the committee supported ratification. No member of the committee has recommended that we do not ratify. The agreement includes a lot of positives for Australia that will be held back if we do not ratify. There is increased access for beef and there is a tripling of access for dairy. The 35 per cent tariff on canned tuna will fall. The tariffs of the wine industry will be phased out over 11 years. For the first time, Australians will have access to the US federal government procurement program,



which is worth \$200 billion; this was very positively received. There will be for the first time a framework for progressing the issues of mutual recognition of qualifications and the movement of businesspeople.

But there were some areas that we focused on where concerns were heard and the committee felt it was very important that we examine these concerns in detail. One area that has received a lot of attention is the review mechanism for the Pharmaceutical Benefits Advisory Committee. The important thing to note here is that Australia will shape this, consistent with our commitments under the agreement. There is departmental consultation of stakeholders, which has already begun and will continue. No new legislation is required for this. It is important to remember that the Pharmaceutical Benefits Advisory Committee recommends listings, not prices. The committee did not find that this section would lead to an increase in prices for pharmaceuticals. There is also no review mechanism currently for decisions of the Pharmaceutical Benefits Advisory Committee.

We looked very carefully at intellectual property. Specifically, we had a lot of evidence on the issue of copyright term extension—an extension of copyright from the life of the author plus 50 years to life of the author plus 70 years. We had evidence from the Copyright Agency, who found that the proportion of out-of-copyright material being copied in the educational sector was only 0.3 per cent. The CIE said it was not possible to derive any indication of the cost of the out-of-copyright material; however, the committee has made a number of recommendations which relate to our own copyright law.

On quarantine, we also heard evidence on the SPS committee, which will be a consultative group, and the standing working group on animal and plant health. It would be fair

to characterise the evidence in this way: industries which had had a recent risk assessment were concerned about this, but the peak groups, like the National Farmers Federation and the Cattle Council, said that there was nothing in the SPS chapter that caused them concern, and I would concur with that. We also looked at the quotas for local television content, and again the committee were satisfied.

It is the committee's view that ratification of the Australia-US free trade agreement will be in Australia's national interest. I would like to thank all members of the committee for the work that they have put into this report over the last three months. Over the last five sitting days, the committee have spent every spare hour finalising the report. We have probably sat for something like 20 hours since last Tuesday.

Sir Humphrey Appleby famously told his minister in the BBC TV series *Yes Minister* that an inquiry should never be established before the outcome was known. The only reason we have a Senate select committee on the FTA is so that the outcome is known. The ALP has made an assumption that the outcome of this JSCOT inquiry was a foregone conclusion—but this was not a tick and flick exercise; we looked very carefully at every issue that came before us. The result is a 300-page report with a one-page dissent.

I would like to thank all members of the committee secretariat who worked around the clock to meet this deadline. I would especially like to thank the committee secretary Gillian Gould, the inquiry secretary Julia Morris, Trish Tyson, Geoff Binns, Jenny Cochran, Carolyn Littlefair, Julia Thoener and Frances Wilson. I commend this report to the House.

**Mr WILKIE (Swan) (9.14 a.m.)**—by leave—I wish to refer to the report of the Joint Standing Committee on Treaties and,

importantly, the dissenting report by Labor members. Over the past two to three months the committee has conducted a public inquiry into the Australia-US free trade agreement—which I will refer to as AUSFTA—travelled to major capital cities in Australia and received over 215 public submissions on the agreement. As a consequence, the treaties committee is today tabling its report on this agreement.

At the outset I would like it recorded that many witnesses made the observation that it is not a free trade agreement because it does not achieve free trade. They stated that it was merely another trade agreement, and I wholeheartedly agree with the sentiment expressed in that evidence. Given that there is approximately \$A20 billion of two-way trade between Australia and the US each year, the effect of a trade agreement between these two countries is significant. It requires substantial analysis, consideration and debate to ensure that the Australian national interest is preserved if parliament agrees to pass the legislation to bring AUSTFA into force.

After the Minister for Trade announced the referral of the Australia-US free trade agreement to the committee for inquiry and report to parliament a diverse representation of individuals and groups presented submissions to the committee. They included civil liberties groups; universities; primary producers and their associations; medical associations; media, entertainment, arts and libraries groups; state and territory governments; businesses from the manufacturing and mining industries; Australian trade unions; and assiduous individuals. That is a wide cross-section of the community, and they were all keenly interested in submitting their views on the potential economic advantages and disadvantages of free trade between Australia and the United States and its possible impact on their members.

Given the interest in and response to the public inquiry and the limited time available for review, the subsequent analysis by the committee has been intense. Our role is to ensure that the eventual outcome and conclusion of the public inquiry is in the best interests of Australia and that the associated legal, regulatory and administrative actions of the FTA continue to be in the very best interests of Australia now and into the future. To this end I wish to address my comments to the dissenting report.

Unfortunately, the committee have been forced to table a rushed report. We have not had sufficient time to consider all the details in depth and have not received all the information required to do so. Less than 12 hours ago the committee was still deliberating the report's recommendations and the secretariat had been working throughout the night in order to have it presented today. They deserve a well-earned rest after this.

In the past, when we have dealt with complex treaties requiring thorough assessment, the committee have been granted an extension of time in which to report—for example, on our examination of the treaty relating to the establishment of the International Criminal Court. Given the importance of this trade agreement, it should have been afforded similar treatment. The tabling of the report of the Joint Standing Committee on Treaties has been brought forward to today because the government wants to introduce the legislation to deal with this particular matter. On Sunday the health minister admitted as much when he said:

The legislation can go through without needing ... every last detail about every administrative arrangement that might follow.

I remind the minister that the detail is in the fine print, and I will expand on that later.

The role of the joint standing committee is to examine the detail to ensure that subse-

quent administrative arrangements of the FTA are in the nation's best interests. In regard to the negotiations, the trade minister has shown complete disregard for reality and has failed his portfolio during this entire process. The minister has constantly been ramping up expectations of industry about their potential windfalls from the free trade agreement. All through last year, even before the agreement was finalised, he was creating unrealistic expectations of the benefits of the free trade agreement. He even went so far as to make suggestions that the amendments to the Jones act would be included in the agreement. In September 2002 in this House he said:

They are some of the things that we want to pursue. We want to pursue the Americans on the Jones Act ...

There is absolutely no doubt that the US government would never have agreed to including the Jones act in the free trade agreement, and the minister has since had to retreat from this position and admit defeat. The trade minister knew it was never going to happen, but he failed to advise industry groups that it was not a realistic prospect and continued to suggest that outrageously generous deals and benefits of the free trade agreement would be forthcoming.

All industry sectors were expecting great things from the FTA, but they did not get them; all they got was a compromise. It is like bartering with a shopkeeper: you set the price, cut it by half and then agree to pay about a quarter of the initial asking price. Even the dairy industry, one of the more fortunate groups, who got a threefold increase in market access, were looking for far more from the FTA in the initial stages of the negotiations. They started out quite confident their requests would be met, but they were slowly, slowly chipped away and in the end they had to accept the government's compromise. The beef industry is another exam-

ple. They got hardly any benefits compared to what they were initially looking for. Their quota will grow by 18.5 per cent over 18 years. That is an incredibly slow growth rate for tariff cuts, and beef farmers have estimated that they will be one calf per farmer, approximately worth \$600, better off per year—a far cry from what they expected.

Consider the peanut farmers of Kingaroy, who were initially seeking access for an additional 12,500 tonnes of product into the US market. The government got a deal for 500 tonnes. It went from 12,500 down to 500. These peanut farmers certainly came crashing back to earth after the trade minister had initially offered them the world. In fact, when it was put to the peanut farmers of Kingaroy that at the end of the day the deal was better than a poke in the eye with a blunt stick but at least they got something, they agreed and said, 'That's the reason why we support it.' This is a classic example of what has happened throughout the negotiations on the free trade agreement—the government has made promises but it has not been able to deliver. Many of the early strong supporters of the agreement were led to believe that the Howard government would achieve free trade in farm goods. The National Farmers Federation sold negotiations to its members on this basis, but in the end had to admit: 'This was clearly not achieved.'

Perhaps the most glaring example of the government selling out on agriculture in the FTA is sugar growers. In January this year, the Deputy Prime Minister said it would be un-Australian to accept a trade deal without sugar. Terms like 'no sugar, no deal' were put forward by The Nationals, yet the agreement was signed selling out sugar growers. Had the government been able to secure a successful outcome for sugar in the FTA negotiations, estimates of \$75 million gains in the first year rising to \$344 million by year 8 were expected. Instead the government failed

and they had to introduce a reform package. The sugar industry reform package announced by the Prime Minister—of \$444.4 million over four years—is a dud deal for growers.

Given some of the assets and means testing that will apply when they are trying to get it, I wonder how much of that money will actually go to canegrowers and whether they will spend much of what has been allocated. It is a poor substitute for the Prime Minister selling out sugar producers in the FTA. By their own admission the government have not served the best interests of the nation. I also wonder whether the issue of sugar was raised in the phone call that George Bush and John Howard had the day before the agreement. There have been some questions raised about that.

There are major concerns about the Pharmaceutical Benefits Scheme in this proposed free trade agreement. Primarily these concerns relate to the operation of Pharmaceutical Benefits Advisory Committee decisions. On the weekend the minister for health, talking to *Sunday's* political editor, Laurie Oakes, referred to the appeal mechanism, saying:

... this independent review process will be a purely administrative mechanism.

The independent review of the Pharmaceutical Benefits Advisory Committee processes is not an administrative mechanism; it is a fundamental part of maintaining the integrity of the PBS. If the minister cannot grasp this simple fact, he is in the wrong job. The committee needs to see how the review arrangement will operate. Will it be an open and transparent process or will it be a closed process? If findings differ from the Pharmaceutical Benefits Advisory Committee's recommendations, will that be used against the government and the board's decision in a public campaign designed to have them re-

ceive a favourable change to the ruling? We know all about the government's advertising campaigns in recent times. Look at their current spending before the election. There is obviously a concern: if a review process enables a pharmaceutical company to receive an alternative ruling, they could then run a public campaign to try and get that ruling overturned.

Recommendation 5 of the committee's report outlines the need for a pragmatic review process to be undertaken by a specialised subcommittee of the PBAC—an independent committee who will report back directly to the PBAC and not to the government. This subcommittee must remain objective and findings and reasons for their decisions must be made available to the public. The committee have heard a range of evidence about potential problems with copyright legislation. Recommendation 15 of the JSCOT report seeks to preserve the rights of universities, libraries and educational and research institutions to readily and economically access material under copyright. Their concerns are totally understandable: they have not seen the legislation and neither has the committee. How can the free trade agreement be analysed if vital components are missing?

Recommendation 22 of the committee's report states that the government will undertake a review of the environmental impact of the agreement, and page 117 of the guide to the agreement suggests that one should be forthcoming. It states:

The Australian Government will be preparing an environmental assessment of the Agreement in the context of an overall analysis of the Agreement.

That has never been presented to the committee. Legislation needs to be introduced to ensure that all future agreements have had an environment impact assessment. The gov-

ernment need to provide more data about these and many more detailed considerations, and until such time as they do we are unable to consider those issues. The national interest of Australia is the most important consideration, and this report cannot conclusively say that the Australia-United States free trade agreement will be in the best interest of Australia until all necessary components of the proposed legislation have been presented and analysed. The treaty will certainly benefit some industries. There is no doubt that there will be some major winners but we have already seen some sorrowful losers, such as the sugar industry. Since the text of this agreement was first presented, there have been concerns about the economic modelling assigned to measure the outcomes of the agreement.

The government-commissioned analysis by the Centre for International Economics has been effectively discredited by a range of expert commentators, including analyst Professor Ross Garnaut, who suggests the CIE's modelling would fail the laugh test. In fact, Professor Garnaut made the following observation:

Before economists are really satisfied with any piece of econometric modelling, they put it through the laugh test. The laugh test is: can someone who knows the real world that is meant to be described by the modelling exercise look at the results and not laugh? I do not think that this exercise passes the laugh test.

The government have failed to apply independent assessment of the impact of the Australia-US free trade agreement on Australia's economy. They have consistently rejected the use of the Productivity Commission, who have the professional expertise to analyse the FTA and have already done a substantial body of work on regional trade agreements. It begs the question: if the Australia-US free trade agreement is such a good deal for Australians, why then didn't the government let

the Productivity Commission examine it? The report notes evidence that the commission could and should have been used despite DFAT assertions to the contrary.

It is imperative that the FTA operates in the best interests of the country and, as such, together with other dissenting members of the committee, I recommend that binding treaty action not be taken until adequate opportunity is given to consider the legislative, regulatory and administrative action sustaining the Australia-US free trade agreement to ultimately ensure that it serves the best interests of Australia.

I would like thank the other members of the committee, who have tirelessly worked to prepare this report and bring it to the parliament. In particular I would like to mention my colleague the honourable member for Bonython, who has been tireless in his efforts and has attended virtually every meeting to make sure that we achieved an outcome. Also, as has been suggested by the chair, I would like to thank the members of the secretariat: Gillian Gould, Julia Thoener, Julia Morris, Geoff Binns, Patricia Tyson, Carolyn Littlefair, Frances Wilson, Heidi Luschtinetz and Kristine Sidley. I also put on the record my appreciation of the chair. We have worked very well in relation to this report. I commend the dissenting report to the House.

**AGRICULTURE, FISHERIES AND  
FORESTRY LEGISLATION  
AMENDMENT BILL (No. 2) 2004**

**First Reading**

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

**Second Reading**

**Mr TRUSS** (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (9.27 a.m.)—I move:

That this bill be now read a second time.

In October 2003 the government commissioned a broad ranging review of Australia's livestock export industry, with particular reference to the circumstances surrounding the *MV Cormo Express* incident. The report of the Keniry review recommended that industry should be responsible for research and development and management of quality assurance systems to support its members to translate current practice into outcomes consistent with best practice; and that these activities should be funded by a compulsory customs charge.

The government concurs with this view and believes the livestock export industry should also receive funding raised under the new statutory arrangements to help maintain its capability and continued viability.

The government supports the livestock export industry submission that channelling the funds directly to its service delivery body would enable the industry to carry out marketing and research and development activities and improvements to animal welfare practices in a clearly accountable and transparent manner.

However, the Australian Meat and Live-Stock Industry Act 1997 currently limits the red meat industry to a single industry marketing body and a single industry research body for purposes of levy or charge funding flows. Meat and Livestock Australia Ltd is the body so determined. This arrangement does not allow disbursement of compulsory levies and charges to any other body.

The bill amends the act to allow the minister to determine more than one red meat industry organisation to be a marketing body and a research body and to receive revenue derived from compulsory levies and charges. This will allow for a livestock export marketing body and a livestock export research body to be so determined.

The intention of the act, whereby Meat and Livestock Australia Ltd is the industry research body and the industry marketing body for the whole of the red meat industry, remains.

The government will continue its dollar for dollar matching of payments to the industry research body, that is, to MLA, in respect of industry research and expenditure. This way, as was envisaged by the government under the restructuring arrangements introduced in 1998, the change preserves the incentive for the provision of research services to be provided by the industry research body, while allowing for the live export industry sector to have ownership and control over its own R&D funds.

The bill does not change the act's broader intentions of viewing the red meat industry as one industry while providing the autonomy and self-determination for the sectors within and for revenue disbursement arrangements.

Rather it responds to the specific needs of the livestock export industry and the criticisms that have raised concerns about the continued viability of the industry.

The bill is aligned with other amendments to the Australian Meat and Live-stock Industry Act 1997 and the Export Control Act 1982 as put to this house in this sitting as the Agriculture, Fisheries and Forestry Legislation Amendment (Export Control) Bill 2004, which relate to licensing issues that will introduce tighter regulation across all aspects of the livestock export trade.

Together these two bills represent an important step in the government's reform of the livestock export industry. They are part of a range of initiatives aimed at overcoming current deficiencies and facilitating improvements in the livestock export system and animal welfare practices. I commend the

bill to the House and present the explanatory memorandum.

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

**CUSTOMS TARIFF AMENDMENT  
(OIL, GAS AND OTHER MEASURES)  
BILL 2004**

**First Reading**

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

**Second Reading**

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.32 a.m.)—I move:

That this bill be now read a second time.

The **Customs Tariff Amendment (Oil, Gas and Other Measures) Bill 2004** contains several amendments to the Customs Tariff Act 1995.

First, the bill creates a new item 22 in schedule 4 of the tariff. The item replaces the existing item 22, which relates to goods for use in oil and gas exploration, to reflect changes in technology in the oil and gas industries and to extend the coverage of the item.

The new item, and the new by-law that will be made for it, will reduce the cost of certain goods imported for use directly in connection with the exploration for, and discovery of, oil and gas deposits and the pre-production development of wells on those deposits, by allowing duty-free entry of those goods, provided that substitutable goods are not available from Australian manufacturers.

These amendments not only address industry concerns but also, by reducing the costs of imports, maximise the recovery of Australia's petroleum resources, which is consistent with the objective of the government of encouraging a supportive environ-

ment for investment and enhanced productivity.

Secondly, the bill amends additional note 3(a) to chapter 22 in schedule 3 of the tariff by inserting a 22 per cent upper limit on the alcohol content of grape wine which is defined by the note.

This amendment will ensure that the customs duty payable on imported grape wine with more than 22 per cent by volume of ethyl alcohol is the same as the excise duty payable on comparable locally produced grape wine.

The bill will also correct the country code abbreviations for Poland and Wake Island, specified in schedule 1 to the customs tariff, to align those codes with those used by the International Organisation for Standardisation.

The above corrections will have no effect on the duty applicable to goods imported from Poland or Wake Island or on the margins of tariff preference accorded those countries. I commend the bill to the House and I present the explanatory memorandum.

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

**SCHOOLS ASSISTANCE (LEARNING  
TOGETHER-ACHIEVEMENT  
THROUGH CHOICE AND  
OPPORTUNITY) BILL 2004**

**First Reading**

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

**Second Reading**

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (9.35 a.m.)—I move:

That this bill be now read a second time.

This bill renews the government's commitment to school education for the next four years. This funding package delivers \$31.3

billion for schools over 2005-08. This is an increase of \$8 billion over the current quadrennium and represents the largest ever funding commitment to Australian schools.

The bill secures funding for Australian government programs of financial assistance to the states and territories for government and non-government schools. It succeeds the States Grants (Primary and Secondary Education Assistance) Act 2000 which authorised funding and arrangements for the 2001-04 funding quadrennium.

The bill represents a major investment in the future of our society. Through increased financial assistance to schools, particularly schools serving the neediest communities, the government seeks improved outcomes from schools and a brighter future for Australian students.

This bill reflects the government's policy decisions related to the 2005-08 school funding quadrennium. It is built on the principles that every student will be financially supported regardless of the school that the child attends and that no school will have its funding cut. These are important principles that are not shared by the Australian Labor Party.

#### **State Government Schools**

Following representations from the state and territory governments, the generous average government school recurrent cost method of indexation will be retained as the basis for determining the increases of Australian government funds to state schools. This will continue to deliver increased funding to state government schools at a rate of six per cent per annum.

Over the next four years the Australian government will deliver \$9.8 billion in supplementary funding to state governments for their schools—an increase of \$1.9 billion over the current quadrennium. Of this \$9.8 billion, \$7.2 billion will be in general recurrent grants. This represents a 28 per cent in-

crease over the current four-year period in general recurrent grants, excluding increases due to enrolment and related effects.

The AGSRC will also be maintained as the basis of indexing recurrent funding for Catholic and independent schools.

#### **Catholic Schools**

The socioeconomic status (SES) funding model will be retained and more deeply embedded as the basis for Australian government funding for non-government schools in Australia. From 2005, the 1,610 Catholic systemic schools will become fully integrated into the socioeconomic status funding system, meaning that every non-government school, regardless of denomination, will attract funding according to the socioeconomic status of the communities that the school serves. As a consequence of the Catholic schools joining the SES system, they will receive \$362 million more in additional funding above and beyond school indexation. This will bring their general recurrent funding over the four-year period to \$12.6 billion—a 32 per cent increase over the current four-year period, excluding increases due to enrolment and related effects.

#### **Independent Schools**

Independent schools will also continue to have their funding determined according to their SES scores, which have now been updated. Independent schools will receive a total of \$7.6 billion in general recurrent funding—a 27 per cent increase excluding enrolment growth and related effects. The system of 'funding maintenance' will continue and a funding guarantee mechanism will be introduced to ensure that when schools' SES scores are updated, no school will have its funding reduced.

In summary in those three sectors, independent schools will receive a 27 per cent increase, government schools a 28 per cent



increase and Catholic schools a 32 per cent increase.

### Special Purpose Grants

Literacy and numeracy are the most important foundation skills our children will need during their education. This bill continues the Australian government's commitment to improving literacy and numeracy for all Australian students. The bill includes an estimated \$2 billion for a new overarching targeted program, the Literacy, Numeracy and Special Learning Needs Program. This funding represents an increase of \$393 million or 25 per cent over the previous quadrennium. This includes additional funding of \$25.6 million to provide fairer and more transparent funding allocations for students who require additional assistance in the government and non-government sectors.

The bill also contains funding of \$1.5 billion over the 2005-08 quadrennium to assist with the provision of school facilities—an increase of 14 per cent over the previous quadrennium. Importantly, it includes an additional amount of \$17 million over the quadrennium to provide specific capital grants funding for non-government schools in isolated areas and communities in the Northern Territory.

The bill also includes:

- \$113 million to assist geographically isolated children.
- \$231 million to assist newly arrived students of non-English speaking backgrounds.
- \$110 million to improve learning outcomes of students learning languages other than English.

### Conditions of Funding

A key feature of this bill is the strengthening of the performance framework for Australian government funding. The strengthened accountability and reporting requirements in the bill will reinforce the link be-

tween the funding provided under Australian government programs and improved outcomes for all Australian students. These requirements will underpin the Australian government's national priorities in schooling.

- Greater national consistency in schooling. At present, everything from school starting ages to educational standards differs from one state to another causing enormous difficulties, particularly for the more than 80,000 students who move interstate each year. This bill will stop these absurd anachronisms. As a condition of funding, states and territories and school authorities will have to agree to implement by 2010 a common starting age and to implement common testing standards, including common national tests in years 6 and 10 in English, maths, science, and civics and citizenship. Children should be at the same educational standard and learn similar skills regardless of the state in which they reside. These national tests will provide authoritative measures of the standard of achievement of children against national benchmarks. It will also, of course, include literacy and numeracy in years 3, 5 and 7.
- Better reporting to parents. Parents are frequently not kept fully informed as to how well their child is performing at school. This bill contains provisions to ensure that school reports are written in plain language and that assessment of the child's achievement is reported against national standards—where these are available—and is reported relative to the child's peer group. Achievement in national numeracy and literacy tests must also be reported to parents against national benchmarks.
- Transparency of school performance. Information about a school's performance is frequently poor or difficult if not, in many cases, impossible to access. This bill will require all schools to publish school performance information to

provide parents with objective data to assess schools and have specific information against which to hold schools accountable. The precise requirements will be specified in regulations but will include the public release of the following information for each school: percentage of students achieving national benchmarks in literacy and numeracy and their improvements against the previous years; average year 12 results and the percentage of year 12 completions; school leaver destinations; teacher qualifications and the proportion of teachers participating in ongoing professional development; staff retention rates and student retention rates, and staff and student absenteeism rates; value added measures of student performance; and a range of other indicators.

- Greater autonomy to school principals. The bill includes as a condition of funding that school principals have a significant say over staffing issues in their own schools. It will further require state and territory governments and school authorities to commit to providing principals strengthened autonomy over, and responsibility for, education programs, budgets and other aspects of school's operations. No principal can guarantee a quality education so long as he or she has no say over who teaches in the school.
- Creating safer schools. We should also be doing everything we can to ensure that children are able to go to schools where they feel safe and protected. There are no circumstances where bullying is acceptable in schools. Not every school has well-known protocols in place which teachers and parents can follow. The bill requires the implementation of the National Safe Schools Framework in all schools as a condition of funding. This provides a set of guiding principles for schools to follow so that every school can have in place a comprehensive set of protocols for pro-

viding a safe learning environment. The framework will need to be prominently displayed in the school.

- Common commitment to physical activity. Obesity and lack of physical activity are major causes of preventable health problems and indeed premature death. Schools play an important role in promoting physical activity and a healthy lifestyle. However, the time dedicated in the school week to physical education and sport is declining. More than 40 per cent of children play no organised sport, at least outside of school. This bill will require all students in the compulsory years of schooling to undertake at least two hours of physical education each week as a part of the school curriculum. This is subject to commonsense exemptions. This measure will complement other measures that will be announced shortly to tackle childhood obesity.
- Making values a core part of schooling is pivotal to this legislation. Parents consider discipline and values as very important social factors in choosing a school for their child. I will be seeking the endorsement of state and territory education ministers for the adoption of the National Framework for Values Education in Australian Schools. It will be a condition of funding to prominently display this in all schools. Additionally, every school will be required to have a functioning flag pole and fly the Australian flag, and the Australian government makes no apology for requiring it.

The Australian government remains committed to school choice as a fundamental democratic right. The bill recognises the right of parents to choose the type of education they want for their children. This bill recognises that every child is entitled to a base level of public funding towards their education.

If we are to develop the skills and knowledge for Australia's future then we need a

genuinely national education system, proper recognition of quality teaching, greater freedom for schools at the local level, schools that are safe and are committed to teaching values, educational justice for Indigenous Australians, and a commitment to do something about schools that are not performing. We remain committed to quality schooling for all Australian students regardless of the school that they attend, and we will continue to provide record funding to all Australian schools and schoolchildren.

This legislation will strengthen all schools and build national consistency. Through improved accountability and outcomes this bill will ensure the health of the education sectors and the growth of our nation. I present the explanatory memorandum to the bill.

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

**STATES GRANTS (PRIMARY AND  
SECONDARY EDUCATION  
ASSISTANCE) LEGISLATION  
AMENDMENT BILL 2004**

**First Reading**

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

**Second Reading**

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (9.49 a.m.)—I move:

That this bill be now read a second time.

The purpose of the **bill** is to amend the States Grants (Primary and Secondary Education Assistance) Act 2000, to provide funding for the Tutorial Credit Initiative in 2004 and to correct a technical defect in the act.

**Tutorial Credit Initiative Funding**

Literacy and numeracy are the most important foundation skills that our children will need during their education. When this government came to office there was no na-

tional reporting of literacy and numeracy standards. We have now introduced national literacy and numeracy testing and benchmarking at years 3, 5 and 7. These have now become a critically important part of the schooling system and a key indicator of academic performance. The Australian government is also committed to ensuring that the states and territories provide information to parents about their child's performance against the national literacy and numeracy benchmarks.

This government is also taking steps to assist those students who do not meet the national literacy benchmarks. I recently announced on behalf of the government the Tutorial Credit Initiative up to \$700 to parents for tutorial assistance for children who have not attained the minimum reading skills as measured by the year 3 national reading benchmark in 2003.

The Tutorial Credit Initiative will provide \$700 worth of tuition to students on a one-to-one basis out of school hours by appropriately qualified, screened and vetted tutors. Parents will be able to redeem the tuition credit to choose the most appropriate type of assistance for their children. Brokers will be appointed through an open tender process to assist parents and assess and appoint tutors.

When I announced this initiative, only four states—Victoria, Western Australia, the Northern Territory and the Australian Capital Territory—actually reported to parents their child's performance against the national benchmarks. Other states have now agreed to report to parents their child's performance against national benchmark standards, and these states will now be included in the trial.

In order to expand the number of states included in this trial initiative, additional funding is required under the National Literacy and Numeracy Strategies and Projects program for 2004. This additional funding

will also enable other authorities, once they have committed to reporting the 2003 year 3 reading benchmark results to parents, to participate in the Tutorial Credit Initiative.

The 24,000 children across Australia who have not attained the minimum reading skills deserve the opportunity to receive additional tutorial assistance offered by the Tutorial Credit Initiative, and their parents are entitled to comprehensive information about their child's progress.

#### **Technical defect—SES funding phasing in arrangements**

This bill also corrects a technical defect in the act.

The act gave effect to the new socioeconomic status (SES) based funding arrangements for non-government schools for 2001-04. This historic reform has provided a more transparent, objective and equitable approach to funding non-government schools. General recurrent funding is distributed according to need and schools serving the neediest communities receive the greatest financial support.

Under the act, schools with an SES funding level received increased funding phased in at the rate of 25 per cent of the increase each year. The intention of the original legislation, as passed by this parliament in December 2000, was to fully fund schools at their new funding level by 2004.

There is, however, a technical defect in the SES funding phasing in arrangements as set out in the act. This means that over 700 non-government schools, including schools which enrol some of the most disadvantaged young people in this country, cannot receive their correct entitlements under the general recurrent grants program in 2004.

The proposed amendment in this bill will enable the current act to fulfil its original

intent, so that schools receive their correct funding entitlement for 2004.

#### **Conclusion**

The Howard government is committed to improving the literacy and numeracy standards of all Australian children and ensuring that all parents receive information on their children's literacy and numeracy achievement against the national benchmarks. This bill confirms the government's commitment to a strong school sector which offers high quality outcomes to all students and choice to parents. Quality education is absolutely essential to Australia's future.

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

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

### **VOCATIONAL EDUCATION AND TRAINING FUNDING AMENDMENT BILL 2004**

#### **First Reading**

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

#### **Second Reading**

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (9.54 a.m.)—I move:

That this bill be now read a second time.

The **Vocational Education and Training Funding Amendment Bill** would appropriate a total of \$1.148 billion as the Australian government's contribution to the states and territories for vocational education and training in 2005.

Vocational education and training underpins the competitiveness of our industries in an increasingly global market and is vital for our economic growth. Since 1996, the Australian government has reinvigorated vocational education and training—with record numbers in training, record numbers in New

Apprenticeships and significant progress made towards developing a high quality, truly national system.

The most recent figures show that in 2002 there were close to 1.7 million students in VET, as it is known. This represents more than 10 per cent of Australia's working age population.

New Apprenticeships have grown to almost 416,800 in training at March 2004—more than three times the number in training in 1995. Today New Apprenticeships are available in more than 500 occupations, including emerging industries such as aeroskills, electrotechnology, information technology and telecommunications.

This growth has not been at the expense of the traditional trades, however. At March 2004, 147,100 New Apprentices were in training in traditional trades. This is 35 per cent of all new apprentices in training, and encompasses tradespeople such as carpenters, plumbers and electricians. Over the last five years, while employment growth in trades and related occupations grew at an average annual rate of 0.8 per cent, new apprentices in training in trades and related occupations grew at an average annual rate of 2.7 per cent.

Under the Australian government's New Apprenticeships strategies, women are benefiting significantly. Since 1998, there has been a 98 per cent increase in the number of female commencements in New Apprenticeships. There has been a 72 per cent increase for males.

We are also seeing record numbers of people completing New Apprenticeships. There were 132,500 completions in the 12 months to March 2004, up 13 per cent from the previous year.

Australians of all ages are benefiting from the government's successful vocational education and training policies. In 2002, 27 per

cent of vocational education and training students were aged 15 to 19 years. The number of 15- to 19-year-olds in training has grown by 24 per cent since 1998, reflecting the success of vocational education and training in schools programs, now available in more than 95 per cent of Australia's secondary schools.

At the same time, older people are very well represented in vocational education and training. Sixty-one per cent of vocational education and training students were 25 years and over and 20 per cent were 45 and over. It is particularly worthy of note that the participation rate for people 40 years and over in all education, at 6.6 per cent of the age group in 2001, is the highest of all OECD countries.

Record levels of Australian government funding are contributing to these achievements.

In 2004-05 this government will spend a total of \$2.1 billion on vocational education and training, of which more than \$725.5 million will go to supporting new apprenticeships through programs including New Apprenticeships incentives.

The Australian government is also working directly with industry on tailoring strategies to address areas of skills shortages, particularly in traditional trades, and emerging skills needs. In April 2004, the government launched its National Skills Shortages Strategy, committing \$2 million this financial year and up to \$4 million in subsequent years. In addition, the government provides more than \$510 million in incentives each year to employers opening up opportunities for training related employment through New Apprenticeships.

In December 2003, the states and territories rejected the Australian government's offer for a new funding agreement of \$3.6 billion over three years to 2006, which in-

cluded an average real increase of 2.5 per cent per annum from the Australian government. If they had accepted the ANTA agreement offer, up to 71,000 additional places over three years would have been created.

The Australian government has applied the additional funding which was not taken up by states and territories to purchase 7,500 training places for priority groups—older workers, parents returning to work and people with a disability. In this way the Australian government has fully maintained its level of commitment to vocational education and training in 2004.

Negotiations for a new ANTA agreement will resume later this year and I look forward to a successful outcome. This bill would provide funds for vocational education and training in 2005 under an ANTA agreement and would be subject to update for the outcome of negotiations on a new agreement. If, for example, an outcome of the ANTA agreement negotiations is to return the priority places funding to the agreement, an amendment to the Vocational Education and Training Funding Act will be required.

This bill provides the Commonwealth funding required to support Australia's world-class vocational education and training system in 2005. I commend it to the House and table the explanatory memorandum.

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

**INDIGENOUS EDUCATION  
(TARGETED ASSISTANCE)  
AMENDMENT BILL 2004**

**First Reading**

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

**Second Reading**

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (10.00 a.m.)—I move:

That this bill be now read a second time.

This bill amends the Indigenous Education (Targeted Assistance) Act 2000 (the act) to maintain and enhance the Australian government's effort in improving education outcomes for Indigenous Australians over the 2005 to 2008 funding quadrennium.

Accelerating Indigenous educational outcomes is a key element in the Australian government's 10-point national agenda for schooling. Closing the education divide between Indigenous and non-Indigenous Australians remains one of this government's highest education priorities. The National Aboriginal and Torres Strait Islander Education Policy, endorsed by all Australian governments and reflected in the objects of the act, guides program initiatives across Australia in continuing efforts to achieve equity between Indigenous and non-Indigenous Australians.

The Australian government's approach is to redirect resources to programs that have demonstrably improved outcomes, to provide greater weighting of resources towards Indigenous students of greatest disadvantage—those in remote areas—and to improve mainstream service provision for Indigenous students.

The bill will enable agreements to be made with education providers and others over the 2005-08 program years for the making of payments to advance the objects of the act. It will provide funding appropriations to support payments under the Indigenous Education Strategic Initiatives Program (IESIP) and, importantly, for the first time, will also provide the funding appropriations to support payments under the Indigenous Education Direct Assistance (IEDA) program. Funding

appropriations for IEDA are currently via Appropriation Bill (No. 1).

Bringing IEDA under the act will provide certainty of funding for this program for a four-year period, facilitate improved program management, and align the program with academic calendar years. This will provide and ensure consistency of accountability arrangements and their scrutiny across the Australian government's Indigenous education supplementary funding programs.

The IEDA program has been significantly reshaped for 2005-08 following a review of the program in 2003 which included consultations across the country. The reshaped program will consist of two elements: better targeted tuition assistance for Indigenous students through the Indigenous Tutorial Assistance Scheme; and the introduction of a whole-of-school intervention strategy. The changes to IEDA will: ensure that Indigenous students can access high quality tutorial assistance at key stages of their education; focus resources on initiatives that have demonstrably improved outcomes; more heavily weight resources toward the most disadvantaged students—those in remote areas; and encourage education providers and Indigenous communities to work together to accelerate outcomes for Indigenous students.

Payments of per capita supplementary recurrent assistance to education and training providers will continue under IESIP with only minor modifications. There will also be funding available under IESIP to support existing and new national initiatives and significant projects, with an emphasis on Indigenous students in remote areas. Initiatives will be directed towards promoting systemic changes and developing flexible whole-of-government approaches to education delivery. The National Indigenous English Literacy and Numeracy Strategy will continue and, following its evaluation in 2003, will be

reshaped by strengthening the application of 'what works', particularly around: the practices of teachers and their support staff; preparing young people for formal schooling; and helping re-engage and retain more Indigenous students to year 12 or its vocational education and training equivalent.

A new flagship project will be the scaffolding approach to teaching literacy. This is a structured approach to teaching that has proven to be especially effective with Indigenous students in remote areas. The Australian government will partner with education providers to embed the scaffolding literacy approach into teaching practices. A range of other new initiatives and ongoing initiatives that have delivered genuine improvements will also be supported under IESIP.

Through this bill the government is significantly strengthening the financial and educational accountability arrangements under the act. In particular the bill provides that, to be eligible to receive funding, parties to agreements must make a commitment to the objects of the act and a commitment to achieve the performance targets specified in the agreements. A significant measure introduced by the bill, which addresses a concern of the Commonwealth Grants Commission about the quality of data available for its *Report on Indigenous funding 2001*, is that funding recipients may be required to report performance data for different geographical locations. If, on the evidence of performance reports submitted, a funding recipient is underperforming, there will be capacity for the Australian government to direct the party to take specified action, and to report on the action taken.

Payments under the act are to supplement, rather than substitute for, the other forms of funding available to advance the education of all Australian students, including Indigenous students. Funding under the act is there-

fore intended to accelerate closure of the education divide between Indigenous and non-Indigenous Australians. Consistent with this objective, the Australian government is implementing measures to ensure that there is an appropriate level of funding and effort dedicated to Indigenous students by education providers from both own-source funds and from Australian government mainstream funding.

The bill includes a requirement that agreements must include a condition that the other party report on how it has advanced, and intends to advance, the objects of the act from funds other than Australian government mainstream and Indigenous-specific funds. Additionally, under authority of the *Schools Assistance (Learning Together-Achievement through Choice and Opportunity) Bill 2004*, government and non-government school systems will be required to report annually to the Australian government on how mainstream school funding provided by the Australian government is being spent on improving Indigenous student outcomes. This will include a requirement to report on the goals for Indigenous education, progress in achieving those goals, barriers faced, strategies for overcoming those barriers, and initiatives funded.

These measures reflect the Australian government's commitment to accelerate progress in improving Indigenous education and training outcomes. They represent a significant step to improve mainstream service provision for Indigenous students, and to better focus Indigenous-specific resources to the most disadvantaged Indigenous students. I commend the bill to the House and present the explanatory memorandum.

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

## US FREE TRADE AGREEMENT IMPLEMENTATION BILL 2004

### First Reading

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

### Second Reading

**Mr VAILE** (Lyne—Minister for Trade) (10.08 a.m.)—I move:

That this bill be now read a second time.

I am pleased to introduce the implementing legislation for the Australia-United States free trade agreement. This FTA has been several years in the making, including 11 months of face-to-face negotiation. The outcome is an unprecedented opportunity for Australia and Australian exporters.

The agreement will immediately extend and intensify Australia's trade relationship with the world's largest and most dynamic economy and the largest merchandise and services exporter and importer. From the day it enters into force it will deliver real benefits and opportunities for Australian exporters. In the longer term, dynamic gains from the agreement promise to yield even larger benefits to the Australian economy and to Australian families.

Independent economic analysis suggests the FTA will result in a boost to the Australian economy of over \$6 billion a year one decade after coming into force and create more than 30,000 additional Australian jobs.

While there are differences of view over the ongoing dynamic effects of liberalisation and deregulation, the critics in this academic debate ignore the practical evidence of the growth and dynamism of the Australian economy that has occurred with previous deregulation and reform and which has seen an economic performance which has outstripped the rest of the developed world for the past several years.



This legislation presents the parliament with its opportunity to emphatically endorse this landmark agreement. Passage of this legislation through the Australian parliament leading to the entry into force of the agreement will see Australian industry benefiting from the immediate elimination of virtually all US tariffs on Australian industrial products. It will deliver the early removal of two-thirds of all US agricultural tariffs (including lamb and horticultural products) and the elimination of a further nine per cent of agricultural tariffs within four years. Parliament's green light to the legislation will deliver significantly improved access conditions for beef and the immediate doubling of Australia's dairy exports to the US market. It will deliver the strong legal protections that will underpin services, trade and Australian investment in the United States.

Of course Australia did not secure all its objectives in the agreement, and neither did the United States. Reaching agreement with the United States government required moderating some of our industry interests in the US market. The outcome on sugar was a particular disappointment. Similarly, United States negotiators wound back some of their ambitions in the interests of concluding the deal. This government did not, however, compromise elements of public policy vital to the wellbeing of Australia and Australians. The government preserved the critical elements of our quarantine regime, the Pharmaceutical Benefits Scheme and the right to ensure local content in Australian broadcasting and audiovisual services.

Let there be no misunderstanding on this point. The agreement I signed in Washington on 18 May this year—and the legislation I am introducing today—does not and will not have any detrimental effect on the PBS. It will not cause drug prices to rise. It will not delay the availability of generic medicines. It does not touch legislation implementing the

PBS. The Pharmaceutical Benefits Advisory Committee will remain the gatekeeper to the system, the Minister for Health and Ageing will remain the only authority capable of listing a drug on the PBS, and cost effectiveness will remain the basis against which applications to list a drug will be judged.

The government's agreement to increased transparency and a review process is consistent with current PBS legislation. No change is required to that legislation to effect our commitment to the United States under this agreement.

If a drug is not cost effective, no amount of transparency or review will make it cost effective and it should not, and will not, be listed. If a drug is cost effective, it will and should be listed—and increased transparency in PBS processes can only assist this. In fact, as we have seen in recent years increased transparency in the PBS benefits Australian consumers of pharmaceuticals.

The US Free Trade Agreement Implementation Bill 2004 consists of nine schedules amending relevant Australian legislation to fulfil our obligations under the FTA. The passage of this legislation is the primary process in our domestic implementation—prompt passage will allow us to meet the target date of 1 January 2005 we have agreed with the United States for entry into force.

In detailing the changes to Australian legislation incorporated in this bill, I want to make clear that a number of these changes are consistent with legislation that was already in the pipeline or otherwise reflecting changes already under consideration. In other areas, legislative changes proposed in this bill reflect Australia's own experience of policy and practice and particular Australian circumstances.

Schedule 1 amends the Customs Act 1901 to incorporate the rules for determining whether goods originate in the United States

and are therefore eligible for preferential duty rates and to introduce powers to allow Customs to conduct verifications of Australian exporters to ensure that the goods they export to the United States were produced in Australia.

These new rules have been endorsed by Australian business as a cheaper and easier way to prove origin.

For a long time, stakeholders in the agricultural sector have been arguing that innovation in new chemistry and alternative technologies has been stifled by existing data protection provisions. In May 2003, the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Judith Troeth, achieved agreement with key stakeholders, including all state and territory governments, on a suite of reforms. These reforms build into the Agricultural and Veterinary Chemicals Code Act 1994 mechanisms encouraging early entry of newer innovation in chemical technologies and develop a system providing additional reward to those innovators who move to support the more vulnerable users within Australia's agricultural sector. The proposed reforms have been strongly supported and keenly anticipated by nearly all stakeholders, including manufacturers and users and all state and territory governments.

The obligations arising from the FTA are entirely consistent with the suite of reforms that had already been developed. Schedule 2 of the bill amends the Agricultural and Veterinary Chemicals Code Act 1994 to implement the first part of Senator Troeth's reforms. It has not been appropriate, nor is it desirable, to inject additional measures into the Australia-US FTA bill that might confuse the debate on the core rationale for its introduction. However, in recognition of the importance of these reforms to a very broad range of stakeholders, the government re-

mains committed to implementing the full suite of reforms in a second bill as soon as is practicable after this bill has been introduced.

Schedule 3 amends the Australian Wine and Brandy Corporation Act 1980 to provide specific procedures for the owner of a trademark to object to the determination of an Australian geographical indication on the basis of pre-existing trademark rights and procedures for the cancellation of an Australian geographical indication. This amendment simply codifies the existing practice of the geographical indication committee of the Australian Wine and Brandy Corporation and has been developed in close consultation with the Winemakers Federation of Australia.

Schedule 4 amends the Life Insurance Act 1995 to allow foreign life insurance companies to establish branches in Australia for the purpose of carrying out life insurance business in Australia. Currently only entities incorporated in Australia are able to conduct life insurance business in Australia. For an entity to establish a branch in Australia for the purposes of carrying on life insurance business, it will need to be incorporated in a foreign country, be authorised to carry on life insurance business in that foreign country and meet the conditions contained in the regulations to the Life Insurance Act 1995.

Schedule 5 amends the Foreign Acquisitions and Takeovers Act 1975 to implement changes to foreign investment policy agreed as an outcome of the Australia-US free trade agreement. Specifically, it enables:

- exemption from the act for acquisitions of interests in financial sector companies covered by powers under the Financial Sector (Shareholdings) Act 1998;
- introduction of a screening threshold of \$800 million for acquisitions of interests in Australian businesses in non-sensitive sectors;

- introduction of a screening threshold of \$50 million for acquisitions of interests in Australian businesses in defined sensitive sectors and by the United States government. The sensitive sectors include media; telecommunications; transport; encryption, security and communications technologies; the development, manufacture or supply of training, goods, equipment or technologies for the Australian or other armed forces, or able to be used for a military purpose; and, the extraction of uranium or plutonium or the operation of nuclear facilities;

Schedule 6 amends the Commonwealth Authorities and Companies Act 1997 to empower the finance minister to issue directions to the directors of Commonwealth authorities and wholly owned Commonwealth companies regarding procurement. The directions may apply, adopt or incorporate some or all of the Commonwealth Procurement Guidelines, issued by the finance minister under the Financial Management and Accountability Regulations 1997.

Schedule 7 amends the Therapeutic Goods Act 1989, primarily to provide that an applicant seeking to include therapeutic goods in the Australian Register of Therapeutic Goods must provide one of two certificates. Either they must certify that the applicant does not propose to market those therapeutic goods in a way or in circumstances that would involve an infringement of a patent, or they may certify that the applicant proposes to market the therapeutic good before the expiry of the patent for such goods and that the applicant has notified the patentee about its application to include goods in the register.

These amendments carefully balance the interests of the generic and innovator pharmaceuticals industries in Australia, while ensuring that the primary responsibility for resolving patent disputes remains with the patent holder and the party challenging the validity of a patent. These amendments pro-

tect the capacity to springboard generics onto the market, ensuring that the US FTA will not delay the entry of drugs onto the PBS.

Schedule 8 amends the Patents Act 1990 to ensure Australia complies with the obligation in the Australia-US FTA that a patent can only be revoked on the same grounds as it could have been refused. The amendments extend the grounds on which the grant of a patent can be opposed to include an invention not being useful or having been secretly used. The amendments also remove a ground of revocation, non-compliance with a condition of a patent, which is no longer applicable to granted patents. These amendments protect the existing grounds for revocation under Australian law.

Schedule 9 introduces a range of amendments to the Copyright Act 1968 to give effect to Australia's obligations under the Australia-US free trade agreement. Certain amendments are also made to allow Australia to accede to the World Intellectual Property Organisation Copyright Treaty 1996 and the World Intellectual Property Organisation Performances and Phonograms Treaty 1996.

The amendments to the Copyright Act provide:

- new rights, both economic and moral, for performers in sound recordings;
- extension of the term of protection for most copyright material by 20 years;
- alignment of the term of protection of photographs with other artistic works;
- implementation of a scheme for limitation of remedies available against carriage service providers for copyright infringement in relation to specified activities carried out on their systems and networks, providing certain conditions are satisfied;
- wider criminal provisions, including for copyright infringement that was undertaken for commercial advantage or profit

and significant infringement on a commercial scale;

- new provisions for the broader protection of encoded broadcasts;
- broader protection for electronic rights management information; and
- protection against a wider range of unauthorised reproductions.

These changes are significant. But as I suggested earlier in this statement, it is important to be clear that these amendments do not represent the wholesale adoption of the US intellectual property regime. We have not stepped back from best practice elements of Australia's copyright regime—but we have strengthened protection in certain circumstances—providing a platform for Australia to attract and incubate greater creativity and innovation.

In conclusion, I want to return to the key question at issue for the parliament arising from the tabling of this bill.

The key question is not the precise estimated net benefit to the Australian economy that will flow from this FTA—that is a debate for economic modellers.

It is not trawling again through unsubstantiated complaints about the negative impact of the agreement on the PBS, audiovisual industry and intellectual property users—many of which have been given uncritical airplay by the media over many months.

The government has protected Australia's national interest in these areas. We have retained flexibility to assure that Australian stories are seen on Australian screens now and into the future, we have protected the PBS, and we have created a strong protection regime for intellectual property in Australia which will attract and encourage creativity and innovation—and commercialisation of such innovation.

The crucial question that this parliament does need to understand and to address

squarely is: what would happen if it failed to pass this legislation?

Let me make it quite clear what would happen. Delay or dismissal of this legislation will not simply defer the benefits of the agreement. There appears to be a naive view among some opposite that delaying passage of this legislation, or consideration of the agreement as a whole, would afford an opportunity to review at leisure the provisions of this agreement, and even to renegotiate aspects of it. This is a dangerous delusion that ignores the reality of the negotiating process for a treaty with any sovereign government, let alone with the United States. The United States Congress is poised to vote on this agreement. Once that vote is taken—and we are increasingly confident that it will be a positive vote—the idea that we could reopen the text of the agreement, particularly at this stage of the US election cycle, to secure a different outcome is completely out of touch with reality. To delay or reject passage of this legislation would be seen by the United States government and congress as rejection of the only FTA text that was acceptable to the United States.

Just to be clear what that would mean for Australia and Australians, failure to pass this legislation would:

- Deny Australian farmers billions of dollars worth of additional market access opportunities. I am an optimistic proponent of the WTO Doha Round, but no one could seriously believe the FTA market access gains will be delivered by the US in the multilateral process in anything like the time frame established by the FTA.
- Failure to pass this legislation would leave Australian exporters of autos, metals, minerals, seafood, paper and chemicals, to name just a few, at a competitive disadvantage against other suppliers from Canada, Mexico, Chile, Singapore

and other countries which already enjoy preferential access to the US market.

- Failure to pass this legislation would erode Australia's competitive position in the US market over time as other countries, many of them competitors for Australia in the US market, negotiate FTAs with the United States that enhance their own access while ours remains static. Standing still will mean going backwards.
- Failure to pass this legislation would strand Australian businesses looking to crack into the \$200 billion US federal government procurement market and the additional \$200 billion US state government procurement market. They would continue to face mandated discrimination, while their US counterparts face no barriers to selling to governments here.
- Failure to pass this legislation would expose our exporters to the vagaries of US global safeguard action under the WTO. The government is proud of its record in getting Australian steel excluded from US safeguard measures. But it was hard work to convince the US government to look at the stand-alone threat from Australian imports and exercise their discretion to exclude those imports from the measures. Under the FTA, this assessment will be done as a matter of course—providing the US administration with the analysis it needs to exclude Australian imports from the beginning.
- Failure to pass this legislation would abandon binding US commitments on non-discriminatory treatment that go far beyond the US WTO commitments and provide certainty and predictability for Australian investors and services providers.

Mr Deputy Speaker, this is the most liberal agreement on services and investment the US has ever done—how could we reject it?

I would like to pay tribute to the dozens of officials led by chief negotiator Steve Deady, officials from the Department of Foreign Affairs and Trade and many other government agencies whose professionalism, determination and skill during these negotiations have delivered real and substantial benefits for their country. I would also like to recognise the outstanding work of Australia's Ambassador to the United States, Michael Thawley, and his team, who have parlayed the already strong relationship between Australia and the US to a whole new level with their work on this agreement. Finally, I would like to thank the Australian business community for recognising early on the tremendous opportunity presented by the FTA and for their support and advice throughout the negotiations.

This is an enormous and historic opportunity to secure preferential access to the largest and most dynamic economy in the world. We owe it to future generations of Australians to approve this FTA as soon as possible.

It is overwhelmingly in the national interest and I therefore commend this bill to the House. I present the explanatory memorandum.

Debate (on motion by **Ms Macklin**) adjourned.

### **US FREE TRADE AGREEMENT IMPLEMENTATION (CUSTOMS TARIFF) BILL 2004**

#### **First Reading**

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

#### **Second Reading**

**Mr VAILE** (Lyne—Minister for Trade) (10.29 a.m.)—I move:

That this bill be now read a second time.

The **US Free Trade Agreement Implementation (Customs Tariff) Bill 2004** contains amendments to the Customs Tariff Act 1995

to implement part of the Australia-United States free trade agreement by:

- providing duty-free access for certain goods and preferential rates of customs duty for other goods that are US originating goods in accordance with new division 1C of part VIII of the Customs Act 1901 (the Customs Act). New division 1C is proposed to be inserted in the Customs Act by the US Free Trade Agreement Implementation Bill 2004;
- phasing the preferential rates of customs duty for certain goods to free by 2015;
- creating a new schedule 5 to the tariff to accommodate those phasing rates of customs duty; and
- inserting a regulation making power in the tariff to prescribe certain footwear that will be subject to the phasing rates of customs duty.

This bill is cognate with the [US Free Trade Agreement Implementation Bill 2004](#).

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

Debate (on motion by **Ms Macklin**) adjourned.

#### HIGHER EDUCATION LEGISLATION AMENDMENT BILL (No. 2) 2004

##### Second Reading

Debate resumed from 22 June, on motion by **Dr Nelson**:

That this bill be now read a second time.

**Ms MACKLIN** (Jagajaga) (10.31 a.m.)—

I have to say that the [Higher Education Legislation Amendment Bill \(No. 2\) 2004](#) is full of election sweeteners, which I guess is what you would expect from this Minister for Education, Science and Training at this time, just before the election. But I have to say that this bill is a pretty blatant political attempt to cover up what, it has to be said, is the very bitter taste of the Howard government's dreadful higher education changes. The little sweeteners that are contained in this bill to-

day, funnily enough, match up with a few marginal seats that the government look like they might be worried about.

Of course, it does not matter what sort of election sweeteners the government is offering in this bill—nothing will cover up the very bitter taste of the 25 per cent fee hike that so many university students will face if this Howard government is elected at the coming election. If this government is re-elected those students will face another 25 per cent added to the cost of their university degree, and we know there will be thousands upon thousands of qualified students who will miss out on a university place. This bill does not reverse the 25 per cent fee hike. It does not include an extra 20,000 university places so all of those students who have studied hard and qualified to get into university can fulfil their dream. It does not do either of those things. That is what the Labor Party intend to do. That is what the Labor Party will go to the election with. That is what the Australian people want. We know very clearly that the Australian people do not support a 25 per cent fee hike. But they are not getting what they want from the Howard government. What they are getting in this bill is just a few cynical election sweeteners. The election sweeteners that are contained in this bill are, frankly, just a drop in the ocean compared to the damage that this government's university changes are wreaking on Australian higher education.

The parliament has been asked to consider this legislation in a very hurried fashion. It was only introduced yesterday and the government have insisted that it be brought on for debate today. There seems to be no reason for it to be rushed forward—certainly the government have given no reason to us or to the parliament for that. Once again, it seems to be blatantly obvious that the only reason they are insisting on bringing it on so quickly to debate it through both houses of parlia-

ment is that they know very plainly that they have an electoral problem and they intend to address it with a little bit of pork-barrelling. There are a few routine housekeeping amendments in the bill, but I want to go to the areas which can only be summarised as election sweeteners.

First of all, let us go to the very marginal seat of Herbert, based on Townsville. There will be 12 additional medical places for James Cook University, which will obviously be very welcome up there in Herbert. Then there is the seat of Flinders. I know the government have been very worried about the seat of Flinders down there in Victoria. They made some very quick decisions about the national park there, and now we are seeing some funding for the Point Nepean campus of the Australian Maritime College.

There is conditional funding for the establishment of a medical school at the University of Western Sydney, which is in the seat of Parramatta—a very tight seat, with a margin of 1.2 per cent. The government are plainly worried about the damage that they have done to the University of Western Sydney and they think they can fix it up by promising a medical school—not a medical school that has any medical school places but a medical school building nevertheless. There will be a continuation of funding to prevent regional universities from losing under this government's research policy. Once again, that is an attempt to shore up votes in particular seats that the government are worried about.

The one good thing that is in this legislation that I would have to say is long overdue is the 400 additional aged care nursing places. But I have to say that this minister knows no shame when it comes to political pork-barrelling, which is what we are seeing in this legislation. The bill does address a range of other technical issues, some things

that affect Open Learning Australia, grievance resolution procedures and governance change at the Australian National University. As I said, this bill, with all of these changes, was introduced late yesterday, and the government wants it through the House by lunchtime today, even though virtually all of the measures contained in this bill were announced some time ago. We will of course support this bill because it does contain additional funding for universities. We certainly do not want to delay even the limited number of additional places that are included in this bill. But I do not think anyone at university—certainly nobody running universities or working in universities—would be under any illusion about what is going on.

This government has taken \$5 billion out of universities, and students and their families are paying a very high price for these cuts. We are seeing very significant increases in fees for university students, and too many qualified students are missing out on university places. We have extraordinary haste here today in the parliament. Despite the delay in the government introducing the bill and despite the government failing to provide any explanation for its apparent urgency, we will agree to the legislation going through the parliament.

The introduction of this bill does give me the opportunity to set out the very clear choice that the Australian people will have when the next election is called, whenever that will be. They have a very clear choice between the Howard government's 25 per cent fee hike and Labor's commitment to reverse those fee increases. They will face a very clear situation, under the Howard government, with one-third of Australian students at universities being able to jump the queue and pay full fees of up to \$100,000 for a university degree. What the Howard government is offering the Australian people is the chance for students to jump the queue to

get places at universities if they can pay \$100,000 for their university degrees. Compare that to Labor's commitment. We will abolish full fees for Australian undergraduates and we will make sure that students get into universities on the basis of merit, not on the basis of whether or not their parents have \$100,000 in the bank. They will have a choice between the Howard government turning 20,000 qualified Australians away from universities and 15,000 young Australians away from TAFE. Compare that shocking record on the part of the Howard government to Labor's commitment. Labor has made it plain that it will create an extra 20,000 university places and an extra 20,000 TAFE places.

The people of Australia will also have a very clear choice on the inevitability of further HECS hikes. They know that under this government HECS fees have gone up by almost 100 per cent on average. Now the government is allowing the universities to put fees up by another 25 per cent. There is nothing more inevitable: if this government are re-elected we know that they will allow these HECS fees to go up and up. Compare that to Labor's commitment. We have made a very clear commitment to properly index university funding, making an additional \$312 million available to universities, to make sure that our universities are properly funded, to make sure that class sizes are reduced and to make sure that the quality of education that is provided at our universities is improved. So the choice is stark indeed for the people of Australia at the coming election.

Professor Simon Marginson at Monash University summed it up in February, when he wrote in *Campus Review*:

If the government is returned at the election, Australia will have an American style higher education system.

So the Australian people have a choice at the next election between electing a Howard government that will cement an American style higher education system in this country, with higher fees and fewer places, and Labor's higher education policy, which offers opportunity for all.

The Minister for Education, Science and Training is responsible—or he should be—for arguing why fees have to go up by yet another 25 per cent. Why is it that the Howard government thinks that students and their families should be put into deeper debt? When the minister had the opportunity to put these arguments when the legislation was being debated in September last year, he actually told the House that most universities would not put up their fees. He said:

... the HECS charge for most courses in most universities will not change at all.

So the minister did not try and argue that it would be a good thing for universities to put up their fees by 25 per cent and a good thing for students to have to pay this whacking great increase in HECS. He did not bother to put that argument. In fact, what he did was try and say that most of the universities would not do it. I would have to say how wrong this minister for education was. So far, 23 of Australia's universities have decided to increase HECS fees under this government's legislation. The responsibility for the fee hike lies entirely at the door of the Howard government. It is not the fault of the universities; it is entirely the responsibility of the Howard government. Seventeen of those universities have increased their fees by the full 25 per cent. That means that around \$500 million extra will be paid in HECS fees by Australian students and their families over the next three years if the Howard government is re-elected. That is how much we know about now—we do not know what the final figure will be, but around that much extra will be taken out of the pockets of



families and students, because this government will not properly fund our universities.

When the minister is trying to explain all this, frankly, he just cannot get it right. We all know that he likes to give us a huge spray of different numbers. In fact, one of his nicknames, repeated today in the *Australian* newspaper, is Rain Man. He is known widely as Rain Man. He has an extraordinary obsession with numbers. Maybe his abacus was out for service a couple of weeks ago, because he got a whole lot of numbers terribly wrong. He came in here for question time to proudly tell the Australian people how much money he was going to take out of their pockets because of the 25 per cent increase in university fees—how much he was going to gouge out of the pockets of students and their families. He came in here with his usual fluffed up approach and a stack of carefully memorised numbers and he told us that he was going to slug students with an extra \$377 million. He even tabled the figures—he even had them in writing to prove it. That is not a bad start, except that, frankly, he was wrong. The numbers were wrong.

In the best tradition of ministerial accountability, which of course we have come to expect from the Howard government, a week later he came back; he blamed it all on the department—it was all the department's fault, he said—and gave us what he considers now to be the real increase. The real increase, he says, is now \$662 million. I would have to say that the HECS debt meter really clicked over something shocking in that week. We have come to expect some pretty massive increases in debt because of HECS fee rises by this government, but nothing beat this one—an 80 per cent increase in six days. That is impressive, even by the Howard government's standards.

The minister tried to explain this all away by telling us, 'In fact, my department has

spent the last week, in fact, further analysing this information and when the department actually takes into account the students who are currently in the system who are not affected by this then in fact a total of \$662 million of additional monies will go into universities.' That does not make an ounce of sense, because he is trying to claim that, because the changes affected fewer people than he originally thought, the figure somehow went up by 80 per cent. Figure that out; I cannot. He seems to have completely reinvented the basis of mathematics. But then he followed it up the next day. His spokesman was quoted in the *Financial Review* trying to explain it all away with a new excuse. According to the *Financial Review*:

His spokesman said last week's figure was a rough estimate and had not included new student places.

Again, it just makes no sense, because there are only around 8,000 new student places—and most of those will not start until 2007 or 2008—out of 400,000 Australian undergraduate effective full-time student units. So he was trying to explain away an 80 per cent increase in HECS debt with a two per cent increase in student places, and most of those are only actually going to be new student places in the last year or two of the calculation.

Mr Deputy Speaker Scott, if you can understand that, you are better person than I am. I think that this sums up this minister's credibility when it comes to numbers. As so many of us suspect is the case when he stands up there in question time spouting off all these numbers, really it just seems to be an extraordinary distraction for many of his mistakes.

He tried again. He kept trying to dig himself out of this hole. On 1 June his media release compared the additional public funding under three years of Labor's higher edu-

cation policy, Aim Higher, with four years of HECS increases under his government—just trying another desperate trick, frankly, to justify his HECS increase. He also tried another one. Instead of comparing three years with four years, he then tried to compare different four-year periods. His 3 June media release compared public funding between 2004 and 2007 with HECS increases between 2005 and 2008.

You would think that all of this was bad enough, but it just kept getting worse. It must have been a very bad week for the minister. In the same release, he added the \$663 million that students will pay between 2005 and 2008, if this government is re-elected, to the extra public funding—still adding together different four-year periods. But he did not stop there. He also subtracted it from Labor's \$2.34 billion Aim Higher package.

If the minister could explain to the House the logic behind this, I would appreciate it. He cannot have it both ways. It is a blatant double count to try and get the answer that he wants. Most students at school would know that that is just not the way you do your maths—it is not the way you pass your maths tests. Frankly, if he wants to demonstrate to students that this is how you go about doctoring the figures, I think he is setting a very bad example for the students of this country. We really do have a minister who is in a desperate attempt to try and cover up the fact that, under this government, students are going to be paying a lot more money as a result of this government's 25 per cent fee hike.

The minister went on with a number of other erroneous claims. I will not bother repeating them here. I have made many attempts to get him to come clean and own up to the fact that he just cannot seem to get his numbers right. Maybe in responding to this debate he will have another go.

I want to go to some of the other things that this minister is trying to do in a desperate attempt to cover up what is going on. We know that this government has a record of misleading the public when it comes to universities. I certainly hope that the things being promised here will happen. I hope they do not go the way of the promises that this Prime Minister made back in October 1999. The Prime Minister actually told parliament:

There will be no \$100,000 university fees under this government.

That is what the Prime Minister of this country said: 'no \$100,000 university fees under this government'. How wrong he was. Not only did the government continue to allow universities to charge \$100,000 for degrees after the last election; it has allowed universities to expand the number of students who will be able to buy their way into university. The department has confirmed that there are now hundreds of students paying \$100,000 or even more—it has not stopped at \$100,000. We know there are students at a number of our universities who are paying \$120,000 or \$130,000, and I gather that at the University of Melbourne they are going to be paying up to \$150,000 for a medical degree.

The situation will only get worse if this government are re-elected. We know that they do not care at all if students buy their way into university. It is just the Liberal way to say that, if you have the money, you should be able to buy yourself a place at university. As a result of this government's legislation, universities will be able to have more than one in three students—that is, Australian undergraduates—paying full fees. For the first time, universities will be able to charge full fees to Australian medical students.

I want to refer to one university which certainly has received some pretty poor

treatment from the Howard government. The speaker following me, the member for Macquarie, has an interest in this university, and I have no doubt that he has some concerns about what has been happening at the University of Western Sydney. This university, frankly, has been treated very poorly by the Howard government. The University of Western Sydney has suffered funding cuts under the Commonwealth Grants Scheme, and it is having an electoral impact. The government is trying in this bill, in a last-minute, desperate attempt, to buy back a bit of favour from the people who live around, and whose children go to, the University of Western Sydney, by including \$6 million a year over three years for the establishment of a medical school at the University of Western Sydney.

We need to look at some of the detail when it comes to this promise, because the funding comes with strings. At the moment the promise is contingent on the New South Wales government matching the funding, even though, as we all know, state governments are not responsible for the funding of universities. I understand from a response that the Minister for Education, Science and Training gave me the other day in the Main Committee that he has not even spoken to the New South Wales government about this issue. If the government were serious about establishing a medical school at the University of Western Sydney and expect money from the New South Wales government, you think he might have done a little more than he has to get the extra funding.

The real problem is that this proposed medical school still does not have any student places. I am sure many people who might be listening to this debate would remember the program *Yes Minister* and the episode where there was a hospital with no patients. I think the hospital was called St Edward's Hospital. It was open for 15

months and had 350 administrators and 150 ancillary staff, but it did not have any patients. This is what this medical school sounds like. It sounds like the government is going to give them some money for a building, but there is no money for medical school places. The minister says that an allocation is going to be made. I asked him about this once again last week, and he said an allocation is going to be made. I certainly hope there will be, and maybe the member for Macquarie could tell us when we are going to hear about the places for the medical school at the University of Western Sydney, because at the moment, frankly, it is sounding awfully like *Yes Minister*.

The University of Western Sydney has not found much support particularly from one of the government members in Western Sydney. The advocacy of the member for Lindsay has been nothing short of extraordinary and certainly has not been helpful to the University of Western Sydney. The *Australian* newspaper last December, when the University of Western Sydney was asking for additional funding, said:

"Nice try, no banana," Ms Kelly said yesterday.

"They're dreaming if they think they're going to get any more funding. There are no cuts (to UWS). I can't believe they keep coming up with this twaddle. They haven't justified where they are off a bickie."

The member for Lindsay has a bit of a reputation for being a plain speaker. Plainly, she does not support the University of Western Sydney, and that became very clear this week in the *Sydney Morning Herald*. She said, 'No-one in my electorate goes to university.' She went on to say that no-one even aspires to go to university. So no-one in the seat of Lindsay, according to the member, goes to university and no-one aspires to go to university. I will let the member for Lindsay know that she should be aware that more

than 8,200 of her constituents hold at least one university degree and a further 3,300 are currently enrolled at university. So much for a local member who is in touch with her constituents.

We do not know how many of the people of Lindsay are among the students who have been turned away from university because of this government's failure to fund enough university places. We know that about 20,000 qualified students around Australia have missed out on a university place, and I would not be surprised if some of them were from the seat of Lindsay. We cannot know for sure, but what we certainly do know is that people in the seat of Lindsay, just like in every other part of Australia, do aspire to go to university. Parents who did not have the chance to go to university want that for their children.

These comments from the member for Lindsay are clearly wrong. Maybe they only make sense as a Liberal Party aspiration. Do they reflect the aspiration of other Liberal Party members? Is it Liberal Party policy to turn people away from university? Maybe it is because other members of the Liberal Party actually agree with the member for Lindsay that people in their electorates do not want the chance for their children to go to university. I think the member for Lindsay is totally out of touch, just like this government is totally out of touch when it comes to making sure that we provide for students who want to go to university that opportunity. We want to make sure that students actually get the chance, and that is why we will create an additional number of places.

Maybe the member for Lindsay has let out the secret of Liberal Party policy. Maybe this is a secret they are saving up to tell people after the election. I am sure they will not admit it before the election. It is: 'Do not provide enough places and keep putting

enough barriers in the way so that no-one will go to university or aspire to go to university.' That seems to be the member for Lindsay's approach. Maybe it is really the approach of the Howard government. The member for Lindsay certainly has provided an extraordinarily good pointer to the Howard government's shameful record. It is a record that this government, of course, is doing its best to hide.

Earlier this month we had the minister doctoring a higher education report—I have to say that that is what it looks like—to hide critical information about how much more debt students will accumulate because of this government's 25 per cent fee hike. The final *Higher education report for the 2004 to 2006 triennium* omits HECS debt projections for the years 2005-08. That is very convenient, isn't it! The government does not seem to want to let people know what the increases in debt will be because of this government's 25 per cent fee hike. These numbers have just mysteriously disappeared from the final report. The March interim report had the figures in it, but, in the final report, they have just vanished—they have gone up in smoke. Nobody is to know what the impact of this government's fee changes will be.

One thing is for sure—in the election we will be making absolutely plain the stark choice facing the Australian people. The choice is between this government and a Labor Party that is committed to an affordable university system where students will be able to get a place on merit, a system in which there will not be \$100,000 university degrees for Australian undergraduates, a system which is fair and recognises the great benefit that a university education gives to Australian students. (*Time expired*)

**Mr BARTLETT** (Macquarie) (11.01 a.m.)—Sadly, the comments by the member for Jagajaga on the [Higher Education Legis-](#)

lation Amendment Bill (No. 2) 2004 were quite predictable. They were the same old myopic and short-term expressions of negativity and political rhetoric that we have come to expect from those opposite on issues such as higher education. I will return in a few moments to some of her comments. Before I do, let me just outline what I see as the benefits of this piece of legislation—and benefits there are. What is really quite sad is that, in spite of the extra funding and new initiatives in this piece of legislation, we had 19 minutes of negativity and one begrudging acknowledgement of some improvements that are in this bill from the member opposite.

This bill does two things in providing for amendments to four pieces of existing legislation. Firstly, it contains a series of regulatory measures. These measures will improve accountability, protection and fairness for students. They will improve service provision and provide greater access to fee help services. Secondly, and perhaps of more significance, are the new appropriation measures that this bill includes. They reflect indexation improvements and indexation arrangements for 2005-07. More significant than that are measures to fund several new initiatives that were alluded to in the 2004-05 budget. It is on these new measures that I want to focus my comments this morning. Then, perhaps, I will return to the nonsense that we just heard from the member opposite.

What are the new measures contained in this legislation? Firstly, there are new medical and nursing places for a number of universities. There are an additional 12 medical places for James Cook University, bringing its numbers to 72 places. That is welcomed greatly, I know, by my colleague the member for Herbert. Secondly, there are an additional 400 new commencing undergraduate nursing places, costing some \$33 million, starting next year and with a focus on aged care.

There are two points that I want to make about this. This government continues its demonstrated commitment to training general and aged care nurses. Even in the higher education reform last year, nursing places were quarantined from any rises in HECS fees. This government is committed to providing increasing numbers and quality of training for our nurses. The state governments, however, must do their part. The state governments must ensure an adequate supply of practising nurses by improving conditions and salaries for nurses in our hospitals and aged care facilities.

The second point I would make is this: in the allocation of these places, I want to see a recognition of the rightful claim of the University of Western Sydney to more nursing places. UWS is the largest provider of nursing training and it does an excellent job in this vital area. I have had meetings with the minister and I have argued the case for UWS. In this context, I want to publicly again state the rightful claim of the University of Western Sydney to a share of these extra nursing places.

The second area of appropriation is the extension of the regional protection scheme. This involves an allocation of \$12.4 million for research over the next four years to regional universities which might otherwise have been affected by the performance based application of funds. Again, this measure demonstrates this government's commitment to regional Australia—something that, sadly, we see as very much lacking in the other side.

The third new measure is funding for the Australian Maritime College at Point Nepean. There is an allocation of \$0.6 million next year, \$1.1 million in 2006 and \$1.6 million in 2007, which, all up, will provide 40 new places next year, leading to 109 places by the year 2009. The focus of the Australian

Maritime College will be on marine and coastal resource management, which is an area of vital importance for Australia.

The fourth area of appropriation of new funding is the capital funding commitment of \$18 million over the next three years to the establishment of a medical school at the University of Western Sydney. This is an excellent initiative which will be of immense value to the people of Western Sydney. This is something that I know will be of great interest to residents in the Blue Mountains and Hawkesbury parts of my electorate. I was appalled to hear the previous speaker talking about these measures as mere pork barrelling or election sweeteners. These are valuable initiatives which will bring positive benefits to the people affected by them. In this case, the University of Western Sydney will bring positive benefits to the people of Western Sydney and to the people of my electorate.

The broader Western Sydney area contains 1.74 million people—forecast to rise by 100,000 over just the next two years. It has a large demographic of young people hungry for education, keen to learn and keen to get on in life. Yet, on the current demographics, only 10.5 per cent of the population of Western Sydney is tertiary trained compared to an overall Sydney figure of about 21 per cent, and the participation rate in higher education is some 3 per cent less than the 5.2 per cent figure for Sydney generally. There is a large, growing, vibrant community in Western Sydney that is crying out for university education and this extra assistance, through the establishment of a medical school at the University of Western Sydney, will certainly help there.

UWS is serving our area well, and we want to continue to support that. This proposal for the establishment of a medical school has two very clear benefits for the people of Western Sydney. First of all, there

are clear educational benefits for people living in Western Sydney and wanting to study medicine. They will no longer have to travel for three or four hours a day to access a medical school at the University of Sydney or the University of New South Wales. They will now have the facility in Western Sydney, in their own area, to study medicine. This is a vital and valuable initiative. They should not have to travel past their own university and go to Sydney in order to study medicine. The minister, along with the university, has recognised this and made this commitment.

Secondly, there will be very substantial medical and health benefits for the people in Western Sydney that will flow from the establishment of this medical school. Clearly, there will be a boost to the number of general practitioners practising in Western Sydney. Western Sydney really does suffer from a poorer doctor-patient ratio than the rest of Sydney. The average for Sydney is well under 1,000 patients per practising GP: for instance, in the central Sydney area the ratio is 825 patients per GP. In my electorate it is much higher than that: the Blue Mountains have 1,700 patients per GP, and in the Hawkesbury there are, 1,800 patients per GP. I know that the government has recognised this, and I am very pleased with the stronger Medicare package. Prior to that, the Minister for Health and Ageing had announced a number of initiatives that are already having an impact, including encouraging doctors to outer metropolitan areas such as mine in the electorate of Macquarie, the Practice Nurses Initiative and the relocation incentive. We are already starting to see doctors move into my electorate as a result of these very positive incentives.

The establishment of a medical school in Western Sydney will further add to that impetus. Firstly, a number of the places at the university will be bonded places, so students studying for their medical degrees in Western

Sydney will then be required to set up practice as GPs in Western Sydney for some time. This is a very sensible, fair idea that will bring benefits to our local residents. Secondly, no doubt there will be students from other parts of the state and other parts of Sydney who will come to study medicine at UWS. In the course of the five or six years of their study, they will make valuable contacts there and come to realise what a wonderful part of the world the Blue Mountains and the Hawkesbury are—that you cannot do much better than that—and will put down roots there. I dare say that some will stay and, after their graduation, practise in Western Sydney. Thirdly, there will be benefits to local hospitals involved in teaching capacities in conjunction with the university. I hope that Hawkesbury Hospital and the two Blue Mountains hospitals will benefit in some of the flowthrough from the establishment of this medical school.

This commitment of \$18 million is contingent on an equal commitment from the state government and the university itself, and I know the university has welcomed very publicly and very positively this commitment of \$18 million from us. I call on the New South Wales government to match this commitment. It is nonsense for them to dismiss this and say, 'Universities are all federally funded. The state government shouldn't have to do anything.' When the medical school was established at James Cook University, the Queensland government—the Beattie government—contributed \$10 million because it could see the benefits of a medical school for people in North Queensland. Over the past months, Premier Carr has been around and about in Western Sydney saying, 'Yes, I think a medical school would be a good idea for Western Sydney.' Indeed, it would. We now need for Premier Carr to put his money where his mouth is, match the federal government offer that is on the table

and commit his \$18 million to making this a reality that will be of great benefit to the people of Western Sydney.

These appropriation measures are clear evidence of this government's commitment to building a world-class higher education system. They come on top of the commitments already seen in the higher education reform package, which, I remind the House, contributes an extra \$2.6 billion over the next five years and an extra \$6.9 billion over the next 10 years to our higher education sector. These measures are just another step in the direction of improving the quality of the services provided by our universities.

I was very disappointed with the negativity of the previous speaker, the education spokesperson for the Labor Party, and I would like to address some of the points she made. First of all, I will address the feigned outrage we hear time after time from the member for Jagajaga. I remind the member for Jagajaga that the biggest increase in university education places came under a Liberal government—the Menzies government. Trying to present the coalition as being against tertiary education and Labor as the only saviours or protectors of higher education is an absolute nonsense betrayed by the facts. The coalition has a proud record of providing increased places and increased funding for universities. I remind members opposite that the HECS system that now seems to be so condemned by the Labor Party was introduced by the Labor Party because of their understanding that—quite rightly—a system of free university education was unsustainable because of the growth in numbers and that there had to be some co-contribution. Now, somehow, the Labor Party seem to have forgotten their realisation of that in the way they introduced HECS to begin with. The point I make is that these reforms that have been so criticised by those opposite will involve only a very marginal

increase in HECS fees—an increase from about 26 per cent of the cost of a university education to around 28 per cent by those who will benefit over their lifetime in terms of hundreds of thousands of dollars of extra income.

The fact is that the reforms contained in the higher education package that the member for Jagajaga has said that Labor want to overturn have been positively received by the Australian Vice-Chancellors Committee. They have publicly said they do not want Labor to overturn these reforms, because that will again constrain the university sector to the straitjacket of mediocrity whereas these reforms allow them the flexibility to pursue excellence in teaching and research that our higher education sector so desperately needs if it is going to be able to compete internationally. The criticisms of those opposite fly in the face of comments by the Australian Vice-Chancellors Committee and comments by many independent commentators.

The second point I want to take up in terms of what the member opposite said is that we hear feigned outrage there about a small increase in HECS fees for some courses in some universities but we hear absolutely nothing from those opposite about the massive rise in TAFE fees by the New South Wales government and some other state governments. There have been rises in TAFE fees by the New South Wales government of 250 per cent to 300 per cent in some courses. These are not supported by HECS: these are rises in up-front fees that are causing students to drop out of TAFE courses. These are students who want to get training for their trades, traineeships and apprenticeships to be able to get into worthwhile careers. It is a shocking and appalling measure by the New South Wales government with no support at all in terms of HECS support, loans schemes or anything else. And what do we hear from the member for Jagajaga? Not

a word—deathly silence. If there was any real concern for matters of equity or any real concern for people in Western Sydney we would hear outrage from those opposite. But they are condemned by their own silence on this.

The other area where they stand condemned for their silence is their refusal to criticise the state government for the massive amount of money they rip out of our university system every year by way of payroll taxes. Each year—and most people don't realise this; it seems to go unnoticed—the New South Wales government takes \$97 million in payroll taxes out of that state's universities. The federal government gives a great quantum of money to our universities, and the New South Wales government then puts its hands in the universities' pockets and rips out close to \$100 million a year. Even just for my own university—the University of Western Sydney, which serves my electorate most closely—\$9.8 million a year goes to the New South Wales Carr Labor government. It is a massive rip-off. If there was any concern by the state Labor government for my university and universities in New South Wales generally they would be ending now this appalling rip-off of these payroll taxes out of our universities. If there was any consistency and honesty from those opposite they would recognise this as well and they would be out there condemning the state government for taking close to \$10 million a year out of the University of Western Sydney.

I could go on regarding other comments made by the member opposite, but the point is this: the appropriation measures contained in this legislation this morning provide further benefits to the universities in regional areas, the Australian Maritime College, James Cook University and—most importantly for the people in my electorate—the University of Western Sydney. I am appalled



and saddened that the member opposite called it a pork-barrelling election sweetener. These are positive, tangible benefits that build on the reforms that we have already put into place for our universities that will continue to make our universities world class in teaching, research and what they provide for the entire Australian community.

**Mr ORGAN (Cunningham) (11.19 a.m.)**—I welcome the opportunity to speak to the **Higher Education Legislation Amendment Bill (No. 2) 2004**. This is an important, largely appropriation based, bill which is part of a \$2.6 billion package over five years to support universities in this country such as the University of Wollongong in my electorate of Cunningham—a quality, award-winning institution. This is a bill which is quite complex in some ways and deals with a large number of issues such as, for example, issues of accountability and access by former refugees on permanent protection visas to our higher education systems.

We have heard some of the positive aspects of the bill from the Minister for Education, Science and Training and the member for Macquarie. But, once again, we see this government riding roughshod over the democratic processes of this place by not allowing members any real time to consider this bill in detail. It was introduced late yesterday and here we are this morning forced to consider it. Once again, it has been rammed through this parliament with undue haste. I dread to think what the government has planned for this place over the next couple of days. This bill should have been introduced weeks ago, not on the third-last day of sitting before the winter break.

In light of the ludicrously short time allowed members to consider this bill, I will therefore make a few brief comments on its contents and how it affects my electorate of Cunningham and the University of Wollon-

gong. As we have heard, this bill allocates, for example, \$18 million over three years to the University of Western Sydney to support capital costs for a new medical school. We have just heard the member for Macquarie talk about that. What he did not say is that prior to the budget announcements there was a strong view that the University of Wollongong's medical school proposal would get the nod. There is no doubt it deserved to get the nod. The university had prepared a detailed submission which I understand was sitting on the Prime Minister's desk merely awaiting approval. The submission had been prepared in detail and was an innovative proposal in many ways.

Unfortunately, the pre-election pork-barrel bogey got in the way and the question now being asked in the Illawarra is, 'What happened to the University of Wollongong medical school?' Close questioning of senior officials from the Department of Education, Science and Training at Senate budget estimates early in June failed to elicit any substantive reason why the government chose to fund—or, rather, partly fund—a medical school at the University of Western Sydney rather than one at Wollongong.

It seems clear that the UWS proposal is still some considerable way from fruition, with the bureaucrats agreeing that the allocation of student places depends on matching contributions from the university and the state government before the school can go through the Australian Medical Council's medical school approval processes. We have heard the member for Jagajaga point out that there are no actual places allocated to this medical school at UWS. So we have no real funding and no real places.

The University of Wollongong, on the other hand, has done a great deal of groundwork on its medical school proposal, and provision was made for teaching facilities in

the recent major renovations at Wollongong Hospital. A lot of the work had been done to set this proposal up. Departmental officials at Senate estimates would only say that the Wollongong proposal was not funded in this budget, so perhaps the door is still open for establishment of the facility at some future date. The fact remains that there is no mention of it in this bill—but there should be. The University of Wollongong serves the Illawarra, Southern Highlands and far South Coast region, with campuses at Nowra, Batemans Bay, Bega and Moss Vale. The medical school proposal had been under discussion for many years, and the vision for the proposal was to service the needs of the Illawarra, South Coast and Southern Highlands regions.

We have heard from the previous speaker, the member for Macquarie, some of the very positive benefits that arise from medical schools being set up in regions. I have to agree with some of those comments with regard to those benefits. It is a fact that, if local people can train in local institutions, they are more likely to stay and service the local community. There is no doubt that the costs are also cheaper. Cost is a real and increasing impediment to students throughout Australia deciding to go to university. I met with a teacher earlier in the week. He is the principal of a local high school. He was telling me that a student came up to him the other day. She is one of the best students in the school. They were talking about her future. He said, 'I assume you're going to go university.' She said: 'No, I'm not going to university; my family can't afford it. My dad said he can barely afford to help me go to TAFE.' We have heard here about the increases in TAFE fees as well. So there is no option. This incredibly gifted student, because of the cost of going to university and the costs on families, has now been forced to

look somewhere else, to find a job or whatever.

There is no doubt that having a medical school in a region such as the Illawarra is going to decrease the cost to local students and make it a lot easier for them to take up medicine. As we all know, it is a very expensive course. We have heard here in recent months about the spiralling costs of medical degrees and how it costs over \$100,000 for a medical degree. This is very much a disincentive. We have to remember to look at the community context—not just the federal context but the local one. For example, in a place such as the Illawarra we have a medical crisis. We have severe constraints on the hospitals and on doctors. There are real problems. We need to get more local doctors. We need to get doctors and nurses servicing the local medical system. The way to do that is to educate them—to get more people taking up nursing and more people taking up the medical profession. We really have to try hard to support this element of the higher education sector.

I know the doctors in the Illawarra I have been speaking to are very disappointed at the decision not to support the University of Wollongong medical school at this stage. They see many of the benefits outlined by the previous speaker in supporting local medical schools—the support for the local hospital of having local students and local teachers, and having local students learning at local hospitals, at the University of Wollongong and throughout the region. It would have a major impact on the regional health system if a medical school such as that proposed for the University of Western Sydney were allocated to the Illawarra region as well.

The doctors down there had been looking forward to a positive announcement in the recent budget. It did not occur, and now they

are very disheartened by that lack of an announcement. As I said, the doctors, the education sector and the medical sector—the hospitals—have been fighting for this medical school for a long time now, and they are very concerned that it did not happen. They have been waiting a long time, and their hopes were high. They told me that the University of Wollongong medical school initiative would go some way to dealing with the crisis currently facing the health system in our region. Lack of sufficient funding for infrastructure and insurance worries are forcing doctors out of the profession, and the costs of running practices are forcing young doctors out of the regions and into the big cities. A medical school in the Illawarra would have helped substantially to stem this drain.

The UOW proposal would have focused on local students—on nurturing and supporting them through the long, difficult and expensive process of becoming a doctor. It was taking a regional approach, centred on the recently upgraded Wollongong Hospital, and would have served the long-term interests of the local community in training doctors to work in that community. I just wanted to highlight that. While the member for Macquarie has pointed out some of the so-called positives of this package, especially for his own electorate, we have to think about the other parts of Australia as well. I have pointed out the impact on my electorate of Cunningham of these budget announcements and the aspects of this bill.

If I had had more time to look at the bill in detail and suggest some of its implications, I think I would be reflecting some of the concerns raised by the member for Jagajaga with regard to the vision presented by this government. The Greens' vision for the higher education sector is clear: more support, more funding and more support for issues such as academic independence. The Greens have

already announced that we would be looking to abolish HECS and wipe HECS debts. 'Why?' you might say. As I said earlier on, the current HECS problems and the costs of going to university are forcing good students not to go to university. We have the example I gave earlier of a young girl in sixth form at the moment who is top of her class but, with her family, has decided that she cannot afford to go to university.

There is no doubt that the current regime is forcing kids away from the higher education sector, and that is just not on. Issues such as the indexation of funding have to be addressed. The Greens recognise that there is a poverty crisis facing university students around this country. Students need more support. There needs to be more support for infrastructure, of course, and staff, but also for students. They should not be forced to have two, three or four jobs to work their way through university. They should have enough support to be able to focus on their studies and minimise the amount of time they have to spend at university so that they can get out into the community and start working—and, unfortunately, start paying off their HECS debt.

The Greens will be looking at bringing a stop to spiralling fees. I have to applaud the decision made just last week by the University of Wollongong not to raise its fees next year, despite all the pressure. We need more universities to stand up and say, 'No, we've got to consider our region. We've got to consider our students.' We have to consider that the D word—debt—is becoming more and more insidious as time goes by and a real problem for ordinary families in this country. In light of the fact that this bill has been pushed upon us in relative haste, I am glad I had the opportunity to at least raise some concerns about elements of it. I am sure that my colleagues in the Senate will address it in a lot more detail in due course.

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (11.31 a.m.)—in reply—I thank all of the members who have contributed to this debate. In summing up, the first observation I make is that, unfortunately, once again the Deputy Leader of the Opposition’s contribution has really focused on criticisms of me of a rather personal nature. I also notice that, again, she seems incapable of making these criticisms without reference to a written speech.

The **Higher Education Legislation Amendment Bill (No. 2) 2004** is extremely important. It includes a number of measures which are very important to our future. It makes amendments to the Higher Education Support Act 2003. In particular, \$18 million is to be committed for the construction of the medical school at the University of Western Sydney. The government unapologetically expects not only the university—which has agreed to do so—but also the New South Wales government to make a matching capital contribution, as has occurred in the construction of the medical school at James Cook University in Queensland.

The bill will provide for the 40 commencing places at the Point Nepean campus of the Australian Maritime College, to bring marine science and education to the Point Nepean district in Victoria. It also makes very important amendments to see that students at the National Institute for Dramatic Arts in Sydney, or NIDA, as it is known, continue to be treated equitably and fairly and under no circumstances have any lesser level of public assistance than they currently enjoy.

A number of issues were raised in the debate which need to be dealt with. The first is that the government recognised the need for reform of Australian universities because, increasingly, the only thing that is going to count is the reputation enjoyed internationally by the university that confers the degree.

No longer are our universities being compared with one another so much as being compared with the rest of the world. The next generation of students—my children’s generation more so than my own—will be wanting to work in North America, Europe and Asia. Their employability is going to be determined entirely by the quality of the education that they have received in university, should they choose to go to one. Already from Australia a small trickle of our brightest and best students are forgoing a publicly subsidised education in Australia to fully pay their own way in North America and Europe because they believe that their subsequent employability will be enhanced by having had a degree conferred upon them by one of those institutions.

In addressing this the government realised that two things had to happen. Firstly, we must get a lot more money into Australian universities over the longer term. Secondly, government regulation has in the past been very much a part of the problem that has been holding back Australian higher education. To that end, an extra \$2.5 billion of taxpayers’ money, public money, is being invested in Australian universities over the next five years. Part of the reform is to move universities to performance based funding pools. In other words, if you want to access \$250 million, we want academics to be taught how to teach. We want students to tell us what they actually think about the quality of the teaching that they get. Similarly, in the workplace performance pool, we want academics who perform, who go the extra mile for our kids and not so young people in universities, to receive additional financial rewards for what they do. The universities would then access funding pools.

At the same time as increasing HECS funded places by 35,000 over the next five years, the government has also, for the very first time, said to the universities, ‘You set

the HECS charge.' Instead of a centralised politburo in Canberra determining that the price of every course will be exactly the same in every institution, irrespective of the quality of what is being delivered, the government has said to universities, 'You set the charge.' So for the very first time the universities themselves will set it, from absolutely nothing to a level no more than 25 per cent of what it currently is. As a result of these reforms already there are 3,000 people in Victoria who will go to university next year without a dollar of HECS being attached to what they are doing.

We have heard a lot about the impact of HECS on students and the possible 25 per cent increase in HECS. Yet it is interesting that in Victoria, as the Victorian government increases TAFE fees by 25 per cent, a disproportionately larger number of low-income kids are going to TAFE. In fact, 26 per cent of people who go to TAFE come from the poorest socioeconomic status suburbs in the country. But, unlike universities, they do not have HECS. They do not have a system where you pay back your share through the tax system only when you are working, only if you are working and only if you are earning more than \$36,000 a year. In TAFE they have to pay it up front. I have a son at TAFE; I have some family experience of this. In my circumstance that is fine; I have no complaint. But imagine that you have three kids, one with a disability, you have a husband who earns \$36,000 and you have to use a credit card to pay your TAFE fees when they have increased 25 per cent in Victoria, 300 per cent in New South Wales and 50 per cent in South Australia. I have not heard the Labor Party here say too much about that, despite the fact that their state cousins have just increased TAFE fees.

The important thing about HECS is that the taxpayer—the average gasfitter, the average plumber, the average shop assistant, the

average truck driver, the average everyday person—pays for three-quarters of the cost of the university education of individuals. In addition to that, those taxpayers—many of whom have never seen the inside of a university but strongly support the importance of them—also pay the HECS bit up front and then the 25 per cent HECS contribution of students is taken out through the tax system, not when they are students but when they graduate from university and are earning in excess of \$36,000.

University graduates earn 50 per cent more than those who have not been to university. Three-quarters of the people in Australia who earn more than \$1,500 a week are university graduates, yet they make up only 25 per cent of the population. Average lifetime earnings are \$622,000 more for a man who has been to university than for a man who has not been to university. Also, 92 per cent of graduates are employed within four months of graduation and, even if HECS increased by 25 per cent, they will earn more in their first year than their maximum HECS debt could possibly be under these changes. If they never work, it will never be paid back. It is an interest-free loan—there is no interest rate applying to it. If they go out of the work force, no payments are made.

If a young bloke in Australia borrowed \$30,000 to buy a car, most people would say: 'That is good. He's getting on with it. He's borrowed \$30,000.' If you are paying 11½ per cent interest, you have to pay \$660 a month back and, if you are not working, they come around and take your car away. But apparently in Labor's world, if you borrow \$30,000 interest free from the taxpayer and only pay it back when you are earning more than \$36,000—you would be paying \$129 a month—you are only paying it because it is taken out of your tax when you are working. The consequence of HECS—which was introduced by the Labor Party, to its great

credit—is that we have expanded the number of people in this country that are going to university. The sector is twice the size it was when HECS was introduced in 1989, and we have doubled the proportion of people with a university education.

As far as fee-paying students are concerned, the government is expanding the number of HECS places and then saying to Australians, ‘Just like the 136,000 foreign students we’ve got paying their own way in Australian universities—whom we welcome—if you’re an Australian citizen who got a score of 99.3 and you had your heart set on doing arts/law at the University of New South Wales but you missed out on a HECS place, instead of forcing you to take up a HECS place in a course you do not want to do at a university you do not want to be at, at the expense of another kid who wants that HECS place, we are saying that if you want to you can be a full fee paying student just like a foreigner.’ Labor’s position is that the only way that you will get into an Australian university, unless you are subsidised by the taxpayer, is if you go over to Beijing or Jakarta, sell your Australian passport and come back as a foreigner. In my book, any kid that gets a score of 99 is not dumb, and I can certainly tell the Labor Party that a lot of those kids are far from rich.

Having expanded its HECS places, not only can a university offer a full fee paying opportunity to an Australian if they want to take it but, for the first time, the taxpayer will lend them the money. At the moment, if you are offered a fee-paying place, you may as well be offered a ticket to Mars. But, for the very first time under these reforms, whether you are rich or poor, if you get a score of 99 and you miss the HECS cut-off—even though the number of places are expanding—and the university offers you a place, you do not have to collapse in a pool of tears with your parents and say: ‘What can

I do? I don’t really want to take up a HECS place at another university. I want to go into this course.’ For the first time, the taxpayer is going to lend you the money. You will never pay more than a 20 per cent administration charge. This means that, if you borrow \$20,000 and it takes you 50 years to pay it back, you will never pay more than \$24,000. You only pay it back when you are working; you only pay it back when you are earning \$36,000 a year.

It is like free-to-air television. We have SBS, ABC, Seven, Nine and Ten. The government are saying, ‘Here’s another free-to-air channel’—that is, extra HECS places—‘and, by the way, if you want free-to-air, that is fine, that is your business, but we will lend you the money to go and get it.’ The Labor Party are deliberately trying—and we have heard it again in this debate—to confuse people about three things: living costs when you are at university, HECS and full fee paying places. By the way, full fee paying places make up 1.8 per cent of the entire sector.

The real problem students have at university is not HECS; the real problem is trying to live and to pay for rent, transport, compulsory union fees—which we think ought to be voluntary; that is the only compulsory charge you have when you get to university—food, accommodation and all that stuff. In order to help students, the government—or the taxpayer more like—is putting \$327 million on the table to offer 40,000 scholarships worth up to \$16,000 each, tax-free, to help kids with their real problems. I went to university when there was no HECS. The workers of Australia paid for the university education of people from middle- and upper-income backgrounds. It was a massive wealth transfer from blue-collar workers—chippies, tilers and plasterers—across to the sons and daughters of lawyers and doctors. That is what happened. So the Labor Party, to its credit, said, ‘This makes no sense,’ and that

was supported by us. Basically, we had the introduction of a delayed user-pays system called HECS.

When I was at university there was no HECS, but I still had three part-time jobs because my family of modest means were on the other side of town and I was trying to live. I was working in a pub, I was working in a bottle department, I was working behind the bar of a hotel and I was labouring for a builder all day Saturday when I was not studying. The real problems that students have at university are their living costs. Unfortunately, a lot of misinformation and untruths are perpetrated by the Labor Party.

In conclusion, I make one last point. Let us be clear about this: if you go to university today and do a three-year science degree, you will come out with a \$16,000 HECS debt. Your average graduate starting salary, by the way, will be \$35,000. Under these reforms, the taxpayer puts in \$3 for every dollar the student puts in when they are working, paying it back through the tax system, but under these reforms a student would go from a HECS debt today for science of \$16,100 to a debt of \$20,500. The Labor Party says that the world is going to end because, over a lifetime, those graduates will pay back an extra \$4,400. I can tell you that the maximum possible HECS debt a student will leave university with as a doctor—and I know a bit about this because I used to be a doctor—is \$48,000, paid back over a lifetime when you are going to earn somewhere between \$5 million and \$7.5 million.

Can I say to the Labor Party that there are a lot of Australians who would say, 'Wow, I wish I had those problems. I wish I had the problem of coming out of university as a lawyer, a doctor, a dentist or a vet with a HECS debt to pay back through the tax system when the average worker has paid for three-quarters of the education.' By the way,

where does the HECS debt go? Unlike the TAFE increases at the state level, which are just a tax that is levied on the kids—or, more likely, on the families' credit cards—and goes back into Treasury, this money actually goes to the university. What does the university do with it? They spend it on employing staff. They spend it on building better buildings so our kids are not jammed in like sardines. That is what this is all about.

This bill is important. There are important legislative amendments that need to be made. We have to build this medical school at the University of Western Sydney. I thank the members for their contribution to the debate. The last thing I should say is that Professor Bruce Chapman, who is the architect of the Higher Education Contribution Scheme—and a Keating adviser, by the way, and a very good man, in my opinion—and an associate professor of economics at the Australian National University, has just had a look at the impact of these reforms. On the impact of the 25 per cent increase in the HECS fee, plus the changed repayment schedule on students who subsequently earned low, middle and high incomes, he says, 'Compared with the present system, the burden on low-income earning women with no children drops from an indicative \$12,000 to \$4,100. The burden on a low-income earning woman with two children drops from \$10,000 to \$1,400.' Do you know why, Mr Deputy Speaker? Because you do not pay a cent unless you are earning \$36,000 a year. We have raised it from \$24,000. Who benefits most from that? Women, particularly women on low incomes, women who leave the work force to have babies and also those who do not complete their university education but who nonetheless have a higher education contribution to make. It is a pity in this country that we do not have a lot more light, a lot less heat—and I do not accuse the member for Lowe, who is sitting across the table, of

this, because he is a very good man—and a lot less deliberate misleading of vulnerable people.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

### Third Reading

**Dr NELSON** (Bradfield—Minister for Education, Science and Training) (11.47 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### FAMILY AND COMMUNITY SERVICES AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (SUGAR REFORM) BILL 2004

#### Second Reading

Debate resumed from 22 June, on motion by **Mr Pyne**:

That this bill be now read a second time.

**Mr GAVAN O'CONNOR** (Corio) (11.48 a.m.)—It gives me great pleasure to speak in the House on the **Family and Community Services and Veterans' Affairs Legislation Amendment (Sugar Reform) Bill 2004**. In his second reading speech, the Parliamentary Secretary to the Minister for Family and Community Services, the member for Sturt, said that the Australian sugar industry continues to face serious difficulties as a result of a number of factors. He identified low prices, a corrupt world market and increasing competition from major producers such as Brazil. He could have thrown in the historical fact that in recent times the industry, in Queensland particularly, has suffered because of pests and diseases, a rust problem and, of course, climatic conditions such as floods and cyclones. Throw them all into the mix and you have a very difficult situation

faced by one of Australia's great rural and regional industries.

But he omitted one critical point and that was the failure of the government to make any gains at all for this key rural industry through the free trade agreement with the United States of America. The reason for this omission is very obvious to all who sit in this House: sheer embarrassment. Members would recall the chant that came from the Nationals for months that, if there was no deal on sugar, there would be no free trade agreement. Of course, we have seen one of the most spineless backflips by a political party in this parliament that we have seen for a long period of time. We are here today debating this particular piece of legislation because of that spineless cave-in by The Nationals, as part of the federal coalition that governs this country, on those free trade negotiations with the United States.

This bill gives effect to one aspect of the government's latest sugar package, and this is the fourth such package for this industry since 1998. I think it is instructive to reflect on the fourth package, which is one in a line of packages that the government over its period in office has designed to assist the industry at particular times of its development and/or crisis. The government has singularly failed in previous packages of assistance to address the fundamental needs of this industry. The fact that we are here today debating this legislation in these circumstances is an indication of one of the great policy failures of this government in office. The Sugar Industry Reform Program 2004, of which this particular bill and measures form a part, provides \$444 million for a range of measures to assist the Queensland, New South Wales and Western Australian sugar industries. Assistance will be provided through a combination of short-term measures—to help sustain the industry through current and immediate



difficulties—and longer-term measures that will assist the industry to reform.

Sustainability grants—that is, one-off payments in two parts to sustain both growers and mills through a transition phase—have a budget under the package of \$146 million. The first of these payments should be in the hands of growers this week. The value of these payments will be based on average production over the period of the previous three years.

The package also allocates \$15.2 million to business planning for growers, harvesters and mills. I think this is a very important provision, and I am pleased that the government has included it in this package. Re-establishment grants are provided for. They have an allocation of \$96 million, and re-training assistance has a budget of \$7 million. Grower restructuring grants have been allocated up to \$40 million, and \$110 million has been allocated to the industry oversight group, related consultative arrangements, regional and community projects and inter-generational transfer arrangements.

The bill before us today will amend the social security law and the Veterans' Entitlement Act to provide a three-year window of opportunity during which the inter-generational transfer of cane farms will be exempt from the normal gifting rules. Key features of the scheme include: the net value of the farm enterprise cannot exceed \$500,000; sugarcane growers or their partners must be age pension age or reach that age during the three-year window; the income from all sources for the three years prior to the transfer can be up to the maximum rate of age pension that would have been payable in the same period; the transfer must be made by way of a gift and must divest the sugarcane grower of all interests in sugarcane farming, excluding the family home; sugarcane farmers who gift during the window will be ex-

cluded from the normal gifting provisions; transfers made prior to the start of the scheme will not be eligible; standard assets test provisions will apply to all other assets, and standard income tests will also apply; the next generation must have had an active involvement in the farm for the three years prior to the transfer; and the retiring farmers must have owned the property for at least 15 years and have been actively involved in farming for 20 years—they must have been in sugar cane for at least the last two years.

Labor have always been strong supporters of the sugar industry. We certainly would not have comprehensively betrayed it, as the coalition did in its negotiations with the Americans over a trade agreement. It is a major regional industry, a major generator of jobs and a major earner of export dollars. Why would you drop a whole industry—a significant Australian rural industry—that is so important to rural and regional Australia off the negotiating table at a free trade negotiation with the United States? We are debating these provisions here today—one of them in the sugar package worth \$444 million—simply because of the spineless actions of the Howard government in those negotiations with the United States.

The Howard government have now had four goes at getting this industry onto a long-term sustainable footing. Let us hope they get it right this time. The Prime Minister did not give me any comfort when he said, virtually within minutes of its release, that he would review a key plank of this latest program. He was reportedly told by growers in Bundaberg that the \$146 million sustainability grant component of the package, to be divided between operating mills and growers, would significantly disadvantage growers in southern Queensland. That review came to nothing, but the disadvantage faced by those growers remains. The problem was confirmed by the Minister for Fisheries, For-

estry and Conservation, Senator Ian Macdonald, at a Senate estimates committee hearing in May when he said:

... I think—

the Mackay growers—

did the worst out of it because of the drought over the last three years.

In short, if you are a farmer around the Mackay area, bad luck.

One thing the Prime Minister could do to help canegrowers around the Mackay area and everywhere else—as well as helping the milling sector—is pick up on Labor's plan for renewable energy and assist this industry to diversify its output. The Howard government's failure to lift the mandatory renewable energy target—MRET—from its present low target of two per cent is blocking the development of electricity generation projects that would benefit the sugar industry and other renewable energy projects. Members of this House know that part of the aim of this particular industry in its current circumstance is to diversify into alternative fuels production and other products. This industry needs more strings to its bow. We are of the view, and so are many in the industry, that lifting the renewable energy targets to five per cent would provide a valuable stimulus to private companies to invest in cogeneration and other activities that diversify the output of this particular industry—this important industry to regional Queensland.

The proposal we have put would be good for the sugar industry. It would help Australia meet our Kyoto targets. It would create thousands of jobs, attract investment and reduce greenhouse gas emissions. We cannot understand why this very sensible proposal, which would assist the restructuring effort at the core of this particular bill, will not be sensibly adopted by the government. We are calling on the Prime Minister to help canegrowers, sugar millers, the workers they em-

ploy and the communities they support by adopting Labor's plan to generate an additional five per cent of renewable energy in Australia's supply mix. It is very important, when you look at the age structure of this particular industry, that we do provide some vision and direction for the industry over the next 10 to 20 years.

This particular proposal is designed to assist the transfer of properties and production enterprises from older farmers to other farmers. It is a proposition that we are going to support with the passage of this legislation through the House, but there is another way, in addition to the one we are debating here today, that the government can assist this industry over the long term and give some hope and comfort to the young farmers who will obviously be gifted property under the provisions in this legislation. If this package and the measures the House is considering today are to succeed, the Commonwealth, the states and the industry must work together.

The failure of package No. 3 to progress can be laid squarely at the feet of the current Minister for Agriculture, Fisheries and Forestry, the member for Wide Bay. He agreed formally, through a memorandum of understanding with the Queensland government, that structural reform was essential if this industry was to return to long-term sustainability, but then he set about blocking that process. The minister squibbed out of the task, just as his government spinelessly caved in to the American sugar lobby and the American President in the FTA negotiations. If this industry had been the beneficiary of a proper restructuring package many years ago and if it had been the beneficiary of even a bad to modest outcome in the free trade negotiations, then the measures that we are debating and discussing here today might not have been necessary. We are debating these measures today—the House and the Austra-

lian public need to be clear about this—because of the comprehensive policy failure of the Howard government in relation to the sugar industry. I refer to the memorandum of understanding with the Queensland government that the minister signed up to and really failed to progress. We saw an industry package emerge where \$150 million was allocated and only \$20 million was spent. There is no point in allocating the money if you cannot get it out onto the ground to assist the growers that you are intending to assist.

But the government's relationship with this industry goes a little bit beyond the economics and beyond the legislation. It goes to the relationship the government has with the industry itself. We now find that the minister—with, it appears, the support of the Prime Minister's office—planned recently to blackball the new president of Queensland Canegrowers, Alf Cristaudo, because he did not blindly support the federal government. Having duded the sugar industry in the FTA negotiations with the United States, the Howard government is now trying to arrogantly silence criticism from within the industry of this current assistance package. I refer the House to an extraordinary report in the *Courier-Mail* based on a leaked internal memorandum from the office of the agriculture minister, the member for Wide Bay, which details the lengths to which the minister and the Howard government are prepared to go to silence Mr Cristaudo. Apparently the memo was based on two rather innocuous paragraphs at the end of a report in a Townsville newspaper.

What I am saying to the government is: you cannot drop an industry off the negotiating table in a comprehensive trade agreement with the greatest economy in the world, according to government members—and, apparently, one which we should tie our coat-tails to—without getting some criticism. Of course you are going to get criticism. Indeed,

I have not seen a package introduced by any government of any persuasion that has not received some degree of criticism of some aspect of it.

The honourable member for Page is in the House today and the honourable member for Kennedy has just joined us in this debate. I look forward to his contribution to the debate, because he has an intimate knowledge of this industry. Both those members understand the nature of these packages, as I do. The packages try to accommodate the breadth of circumstance of growers in the industry, but sometimes they fail because of the criteria that are employed or because of instances like those affecting the Bundaberg growers and the Mackay growers, who have suffered drought, which is affecting their capacity to access some provisions of the package. We all know that these circumstances occur and so there will be some criticism. But in response to a newspaper article with two brief, innocuous comments at the end of it by the new president of Queensland Canegrowers, Alf Cristaudo, the federal government wants to blackball him and leave him off the industry oversight group.

**Mr Katter**—Hear, hear! It is a disgraceful thing.

**Mr GAVAN O'CONNOR**—It appears that the government was prepared to delay payments to hard-pressed sugar producers in Queensland in order to force farmers to toe the government's line. So are we going to deny the passage of this bill and these measures through this parliament? Are we going to deny access to the package because Mr Cristaudo might have defended his constituency in this matter? The honourable member for Kennedy says that it is a disgrace, and I echo those sentiments. As I said, I look forward to his contribution, because he does have an intimate knowledge not only of the industry but of the personalities in it.

I have to be modest in this respect: there may well be people in this House whose association with the industry goes back further than mine and they may know these personalities well. I have not met Mr Cristaudo on too many occasions, but I have found him to be a straightshooter. I found him to be a person who speaks his mind. I found him to be somebody who has never spoken to me with a forked tongue. I cannot say those are principles that others, in other industry sectors, apply in their dealings with the opposition, but Mr Cristaudo does and I respect him for that. It is a shame that the minister has proposed to blackball Mr Cristaudo from membership of one of the key industry committees overseeing reform in the industry.

According to the leaked memo, both the Prime Minister's office and the office of the Minister for Agriculture, Fisheries and Forestry are unwilling to have Mr Cristaudo on the committee because he is too hard to handle. Apparently the government is unwilling to listen to contrary views and would rather stack the committee with its cronies. It would appear, from this extraordinary report in the *Courier-Mail*, that the government is not interested in independent advice, nor is it interested in the integrity of people—and I am referring to the industry oversight group—who will be making recommendations to it on tens of millions of dollars of taxpayers' money. The government wants a bunch of cronies on the industry oversight group.

The probable reason that the government wants to make political appointments to the industry oversight group is that there is scope under the package, which encompasses this piece of legislation, for some untoward things to happen. Given the record of the government in its administration of sugar packages and other assistance to rural and regional Australia and the manner in which it has rorted those particular schemes, it is im-

portant that we have people of the calibre of Mr Cristaudo on that industry oversight committee to ensure that canegrowers all over regional Queensland, New South Wales and Western Australia get a fair crack at the assistance. We can ensure that only if the minister who makes these important appointments approaches the task with some degree of integrity.

I have had a lot of dealings with the minister for agriculture on legislation that has come into this House. I must say that I am very surprised at the tone of this particular report. I challenge the minister to make sensible appointments to the industry oversight group that have integrity. A good place to start, if he wants to refute that particular report of a memo from his office on its dealings with the Prime Minister's office, would be to appoint Mr Cristaudo to that industry oversight group, because there are sugar communities and canegrowers in Queensland that will thank him for doing that.

We have come to expect this sort of behaviour from a tired and arrogant government. The Prime Minister and his agriculture minister should swallow their pride, admit they were wrong and appoint Mr Cristaudo to that industry oversight group. Doing so will send the powerful signal to all in this community that we are going to work together to deliver outcomes to the industry. We will support the passage of this legislation through the parliament in good faith because, in my view, the sugar industry package that the government has put on the deck is a better package than the previous three that it has put before this industry.

In summary, let me say that we will support the passage of the bill through the House. But I have raised a number of issues in the context of this debate that I hope the government will listen to, because I raised them on behalf of sugar communities and

canegrowers in Queensland. I do not know whether the minister can imagine the anger and deep disappointment of a canegrower who has battled low prices, climatic problems with cyclones and floods, the ravages of pests and disease on his or her crop, having to sell his or her product in a corrupt world market and face intense competition from the Brazilians, and having to put up with heavily subsidised industries that get the inside running in the European Community and in the United States of America. Can the minister imagine the deep sense of betrayal of canegrowers at the government's action to drop this industry off the table in the FTA negotiations?

When the Howard government sold out canegrowers at the FTA, they not only sold out the sugar industry, they sold out all primary producers, because, in conceding that they would strike a deal which was not a comprehensive agreement and which left out a significant agriculture industry from those negotiations, they conceded the point we had been making. They conceded Australia's trading position that we had so strenuously pursued over the previous two decades. We will have to see how this washes out in the future multilateral trade negotiations in which this country will be engaged in an attempt to get a fair deal for Australian primary producers.

The Howard government sold out. It sold out the sugar industry in one of the most spineless sell-outs that Australian rural industry has ever seen. And what compounded it was this: members of The Nationals, one by one, tranced their constituencies, saying that if sugar was left out of the negotiations there would be no deal. They gave their solemn commitment to their canegrowers that they would hold firm to this position in the bowels of the coalition. And then they ratted. They ratted on every canegrowing family in

Queensland, every one in New South Wales and every one in Western Australia.

Even if the industry had got some modest gains out of the FTA, they would have been substantial. More importantly, to get some gains out of those FTA negotiations would have split open the whole debate in world markets for sugar. But the Prime Minister caved in, not in Australia's national interest but in the interests of George Bush, his friend, the President of the United States, and the American sugar interests. Even now, in the American Congress, senior congressmen are saying that, in future negotiations that the United States conducts, the sugar industry should be in those negotiations. What an extraordinary position. The reason we are debating these measures here today is that the government threw its 30 pieces of silver at this industry. However, we will support this legislation because it is important to sugar growers. *(Time expired)*

**Mr CAUSLEY (Page) (12.18 p.m.)**—What an empty contribution to the debate on the **Family and Community Services and Veterans' Affairs Legislation Amendment (Sugar Reform) Bill 2004**. All we heard was ranting and raving, which is the usual form of the member for Corio. But of course, when you analyse it, when you bring the whole speech down to what it might mean, he said two things: 'We support the legislation before the House, but we want to make some noise about the fact that maybe we didn't get into the United States free trade agreement.' It is fairly clear from what I hear—and if you try to analyse what the honourable member for Corio has said—that he thinks something one day and the opposite the next. He is saying that the government should never have accepted this free trade agreement because sugar was left out—that we should not accept this agreement. But yesterday he was down at the National Farmers Federation saying, 'We support the

free trade agreement.' Where does he stand on this? That is two different positions in two days, and that is nothing unusual for the member for Corio.

Let me make this very clear. I declare my interest from the start, because my family is still growing sugar cane, and my son is the fifth generation grower. The sugar industry in Australia started on the Clarence River, and it moved north from there. My family have been involved in growing sugar cane since the 1860s on the Clarence River, so it goes back a very long time. Since the mid-1960s, I have been attending sugar conferences in Queensland. I know many of the growers involved in the sugar industry, and I know the sugar industry in Queensland very well. I know Alf Cristaudo as well—I have not met him recently, but I know him very well. So I think I know the sugar industry.

This problem that we have at the present time is a very serious problem. The member for Corio mentions the fact that we have had two or three packages over the last few years to try and help the sugar industry, and that is true. I will come back to one of the issues, where he mentioned the Queensland government. But the fact is that the Australian sugar industry is finding it very difficult to compete in corrupted world markets. I see commentators from time to time—and some of them in the *Financial Review*, which disappoints me—saying that this industry is not worth saving because it is inefficient. Nothing could be further from the truth. This is one of the most efficient industries in the world, and it always has been. It is a very efficient industry. It cannot compete in corrupted world markets. That is the problem.

If you want to look at efficiency, I can go back and again relate it to my family. My father started to grow cane in 1939. He used to grow 1,000 tonnes of sugar cane which, in those days, was quite a big effort when you

had horses to work the fields and no real help mechanically. My son, who is now not working the same farm—it is a farm that I put together after I saved some money from cane cutting—grows 10,000 tonnes of cane today. He himself—one person—grows 10,000 tonnes of cane. No-one could say that that is not efficiency, if you look at those things.

If you look at the Bureau of Sugar Experiment Stations, which is one of the most pre-eminent organisations in the world in the research and breeding of sugar cane—with about 80 or 90 years of experience, I believe, in the sugar industry now—they have bred varieties that give extra sugar. In the early days of the sugar industry, you might have been lucky to get 10 or 11 POCS, as it is called—percentage of commercial sugar—out of a variety. These days some of the Queensland mills average 15½ POCS out of their sugar. So varieties have been improved and have been made more efficient. If you look at the sugar mills and the extraction of the sugar from the cane—and it is not a percentage but what is called a coefficient of work—in the old days they might have got 98 coefficient of work in the sugar mills; today they get 104 or 105 coefficient of work. Those mills are very efficient at extracting the sugar out of the cane. They lead the world in extracting it. So that is not the problem. The problem is not in the efficiency of the industry.

The real challenge is, of course, the circumstances surrounding the world market. Unless the price of sugar improves on the world market, sadly, I do not think there is much of a future for the sugar industry in Australia. It cannot be continually propped up. The world market is the real problem we have. The member for Corio can stand here and rant and rave about these things, but you cannot influence the world market. No country can influence the world market. So we have a real problem on our hands as to how

we overcome this. This package is trying to do something about it. It certainly looks at areas where there needs to be support. Where families have not got enough money to put food on the table, it gives welfare support. It gives support to the elderly and to those who are now of retirement age and locked into a farm with the younger generation. It gives them an opportunity to pass on that farm—although someone once said to me that to pass your farm on to your son these days is child abuse, which is probably right. But it does give opportunities and tries in some ways to put the industry in a position where it might be able to survive into the future.

Make no mistake: there have to be changes in the sugar industry. I have to be critical of the Queensland industry, in particular, here. I do not think I am being biased; I think I am right in this. They have been slow to change and to adopt new methods. They have been slow to take over and expand their harvesting operations, for instance, to be equal to New South Wales and to get efficiencies out of their cane harvesters. The package looks at that. It looks at some cane harvest operations that are too small and will need to get out of the industry. It looks at giving them some help to try to increase the tonnage that goes through their machines. We have to remember that Australians invented the cane harvesting machine, and it has been to our detriment in some ways that other countries can now harvest cane as cheaply as we can. Nevertheless, they are very efficient machines. So we need to look closely at that and whether we can improve our operations.

Yes, we need to look at other areas, but I will strike some warning notes here about grasping at straws. There are false prophets out there, and the member for Kennedy, who goes out there at times, is one of them. You cannot give people a belief that somehow they are going to survive by going back or

give them some hope that something else like ethanol or, for that matter, the generation of electricity is going to be the panacea for the sugar industry. There is one warning I will put to you about this: the price of the material that goes into producing ethanol really accounts for what comes out at the other end. If sugar farmers are going to be paid a low price for sugar just to produce ethanol, that will not solve their problems. Everyone seems to be grasping at this at the present time, saying, 'This is the panacea.' Let me give you a warning on this: it is not the panacea. We need to look a little further than that and see if we can find other areas that the sugar industry can survive in.

Let me go back to the previous package, which the member for Corio talked about. He said that there was very little take-up of it. The reason for that was that we got into this political gamesmanship with the Queensland government. The Queensland government wanted to take the opportunity to destroy single desk. They thought that this was a great opportunity for them.

**Mr Katter**—Fair go: you blokes signed the agreement. Your minister signed the agreement.

**Mr CAUSLEY**—Mr Deputy Speaker Mossfield, he should not be here; he should be out of the House. The fact is that the Queensland government took the opportunity to try to destroy single desk. False prophets, of course, say otherwise. It is just for political grandstanding—that is all it is about. It is not about the welfare of the sugar industry. Political grandstanding is all we are getting from the member for Kennedy, and he should hang his head in shame. Because that is all it is.

*Mr Katter interjecting—*

**Mr CAUSLEY**—Mr Deputy Speaker, he will have 20 minutes shortly, and I will be pleased to see if he can put some coherent

words together, because we do not often hear many from the member for Kennedy. Let me come back to the Alf Cristaudo situation, which the member for Corio made a lot about. As I said, I know Alf Cristaudo. He is a very eminent person in the sugar industry, and I have known him for a long time. We need to get some lateral thinking into this. If the sugar industry is going to survive, you want some new ideas. I think Alf has been attending meetings as long as I have, and I do not know whether I am capable of thinking outside the square any more. We get locked into our ideas and what we have known. We do need some new ideas here, if we are going to get out of this. As I said, there is no future for the sugar industry unless we can come up with some ideas as to how we can survive this crisis at the present time.

Quite honestly, I believe that, with production in Brazil and the devaluation of their currency, this pressure on the world market is going to carry on for quite some time. I have been to the USA and to Brazil and I have visited Europe. I have looked at their industries, and I can tell you now that you are not going to get a change of policy in Europe or in America in the near future. I cannot see that happening because, if you look at the politics of it, you have to say to yourself, 'It's not going to happen.' Not only can they afford to subsidise their industries; the subsidy in rural areas is so embedded right throughout the rural industry that it is going to take a lot of courage in politics to change that. It may well happen over the decades, but I will not be around to see it. I can assure you that that is not going to change.

We are in the situation where the world market price is going to be at a relatively low level. We are in a situation where Australia exports at least 85 per cent of its production. We are in a situation, I believe, where there

are no alternatives at the present time that can give a price that can ensure the survival of many of the people in the sugar industry. We are in the situation, I have to say, where governments and taxpayers cannot continue to subsidise. It is an extremely difficult situation. I would have to say to the leaders of the sugar industry at the present time that they have to be open to new ideas. They have to get some fresh ideas into the industry. They have to try and find alternative uses for sugar. They have to try and find those alternative uses that are going to give a return to producers which will allow them to exist. I think that the government has tried very hard to overcome this problem.

The member for Corio went on and on about the free trade agreement with America. I happen to know from personal knowledge that the minister and the Prime Minister were very anxious about the fact that they could not negotiate a deal with the Americans on sugar. I do not think anyone really believed that there was ever going to be too much movement from the Americans on sugar because, going right back to the old GATT days, there had been a strong stance on sugar by the EU and the US. I am curious about whether the member for Corio, who is well known for being an old strongman from the unions, with his negotiating skills would have said to the Americans, 'We really want to negotiate on sugar, but we are not really strong on that—we will not really push it hard if we are to negotiate with you.' Of course you go in and say that you are not going to budge on this. How do you negotiate any other way?

But, at the end of the day, when you get a refusal by the Americans to negotiate or an indication that it is not going to pass the American Senate, you have to sit back and say, 'What about the rest of the free trade agreement—is it worthwhile to Australia?' If you look at the rest of the free trade agree-



ment, you have to say that it is in the national interest. I know that the Prime Minister actually rang leaders of the sugar industry before he finally agreed to the free trade agreement. The industry leaders said to the Prime Minister: 'We are disappointed, but you cannot hold up a free trade agreement just for us. But we need some help.' They are getting the help. There have been a lot of false words spoken on this, but, if you had got an increase in the quota to the American market, you would not have got as much money out of that as what is coming in this package. I have heard some estimates and I would like to see how the calculations come out.

**Mr Katter**—That is not true!

**Mr CAUSLEY**—You will have 20 minutes to speak in a minute! The member is a continuous interjector. I have seen some figures on this and they are false figures. If you look at the amount that you could have got into the American market, you would not get as much money as you are getting out of this package.

This package is compensating the sugar industry for a disappointment, but that is not the main point that I make. The free trade agreement with America has very little to do with this issue. The real issue here is the price that is being received for sugar by canegrowers in Australia. That is the real issue. It has very little to do with the free trade agreement with America. That is why I say that we have to think very carefully for the future. We have to go in there and get some new ideas.

I know Alf Cristaudo pretty well and I do not think he is that dogmatic about these things. I think he would know and probably say, 'Yes, we need fresh ideas.' I can remember when he and I used to have a few fresh ideas, but that was a long time ago. It is the younger ones who are going to take this industry forward. They are the people we need

the ideas from. They are the people who I would be relying on to give some advice to the government as to what we should do to get a continuation in the industry. They are the ones, I believe, who will come up with the ideas if we give them a chance.

I would say to the member for Kennedy that, instead of playing politics with this issue, he should be out there as well, trying to make sure that there is a future for the sugar industry. I can assure him that what he is doing at the present time is absolutely dividing the industry and it will be the destruction of the industry. We really have to come up with some answers out of this because, if this package does not work, I cannot see too much future for the sugar industry.

**Mr KATTER (Kennedy) (12.34 p.m.)**—I rise to speak on the [Family and Community Services and Veterans' Affairs Legislation Amendment \(Sugar Reform\) Bill 2004](#). I respect the opinions of the last speaker, the member for Page, greatly, I must say—I always have and I probably always will. But he belongs to a party and he has to toe the party line. He has to do something about putting their message out. With all due respect, I think that colours one's judgment. It most certainly coloured my judgment when I was in a party, so I am not criticising him for that. He said that the Prime Minister rang the leaders and the leaders agreed. I cannot share his criticism of the ALP spokesman for agriculture and fisheries, the member for Corio, who spoke before him because I thought it was quite a good contribution to the debate—in fact, it was an excellent contribution to debate. He said a lot of things that needed to be said.

The honourable member for Page said that the leaders of the industry told the Prime Minister that they accepted that this would have to go ahead. I will tell you who the leader was—it was the then president of

Canegrowers, Mr Pedersen. I will not say anything about Mr Ballantyne—he was supposed to be an employee, but he was an employee of Mr Pedersen. Mr Pedersen was annihilated in the election for president of Canegrowers. That was how his acceptance of this arrangement was received by the members of the Canegrowers association in Queensland. As for the bloke who came in to take his place, the first thing we know about him is that the government is trying to exclude him from everything because he is going to have the courage to stand up and have his say.

Mr Pedersen was saying that we have to go along with change, which was a green light to the government to deregulate the industry. I cannot help but say that what the member for Page said about this was totally incorrect. His criticism of the Queensland government was that the Queensland government wanted deregulation of the industry. This federal government entered into a memorandum of understanding with Queensland—and I cannot believe that the member for Page does not know this; he must know. They entered into an agreement. It was signed by The Nationals' Mr Truss and, in clauses 8 and 9, said that they will deregulate this industry and abolish the single desk seller to the mill. That was the agreement.

So if he is criticising the state government it is an act of incredible, towering hypocrisy because he has never laid a glove on his own political party and their representative, Mr Truss, who signed that agreement. If Mr Causley, Mrs Kelly or any of those other people who represent the sugar industry had decided to stand up and say, 'We are not going to agree with the deregulation of this industry. We will cross the floor on it,' then we could have saved this industry—but they did not.

In fairness to the member for Hinkler, I must say that he was the only person who had the courage to stand up in this place and say that the federal government must withdraw from the memorandum of understanding—admittedly it was at the twelfth hour, or ten minutes past the twelfth hour, when he said it. It may be that in the state election they got away with it, it may be that in this federal election people like me lose their seats because people do not understand this, but in the fullness of time history will pass the harshest of judgments upon a party that purported to represent canegrowers and farmers and sold them out by signing an agreement with their political enemies in the state government to deregulate this industry.

Mr Causley's other remarks about no benefit from ethanol flowing back to the farmers are absolutely correct. It is the same with a worker who loses his right to collectively bargain: the company who employs him may become powerful, rich and wealthy but there is no mechanism by which that wealth can be brought back down to the worker. And it is the same for the farmer. Without our rights to collectively bargain, we can have all the wealth in the world created by the ethanol industry but it will never filter back to the farmers. It is colossally incomprehensible to me, and a lot of the blame must lie with AFFA—the public servants here—because I think we have a lot of dumb ministers in this place who simply take their riding instructions from these people.

From my experience in the state parliament—where I was a minister for the best part of a decade, and one of the two or three leading ministers when the government fell—the public servants in Queensland were vastly superior to those in Canberra. I understand that the Canberra public servants have a very small gene pool, a 350,000-people gene pool which they draw from, and I understand that a state like New South Wales

has a 10-million-people gene pool that they can draw from—so they start at an enormous disadvantage. But no matter how dumb you are—and I am not particularly Mr Speed myself, intellectually or academically, I can assure you—you have to do a lot more work. It is simply a matter of committing yourself to the work to understand the problem. Even the biggest fool on earth can work out that there is 60c a litre for ethanol in the marketplace right at this very moment. Obviously you have your 38c a litre, which every service station in Australia is paying for the petrol, but on top of that you have the advantage of not having the full imposition of excise, which gives you another 28c—and we will even throw in 8c there.

If any of the people at AFFA had done even the slightest form of homework they would have got this document, which most of the canefarmers in Queensland—who are thoughtful, intelligent people—have already got. The Dedini process from Brazil, which has already been tried at a pilot plant operating at this very moment, produces 7,000 litres per hectare, and 8,000 litres per hectare using bagasse. It does not deliver the \$2,400 we are currently getting per hectare for sugar cane; it delivers over \$4,000—an almost 100 per cent increase. If we use the Dedini process and include the bagasse, it delivers 12,000 litres per hectare, an almost 200 per cent increase in gross revenue.

I do not speak as someone with limited knowledge; I happen to have been the Minister for Mines and Energy in the Queensland government. It was not only my portfolios that did this work; the Premier's Department did this work too. Economically speaking, it was the most successful government in Australian history—and I must pay tribute to Sir Leo Hielscher, who was offered the position of head of the World Bank, and the head of the Premier's Department of Queensland, Sir Sidney Schubert. The Premier's Department

went over the facts and said, 'Yes, we'll do ethanol in Queensland.' My department, the mines and energy department, went over it and everyone said, 'Yes, it's a goer. Let's do it.' The world leaders in this technology, Transfield, came to us—we relied upon advice from the then world leaders in this field, Fluor Daniel from Austin, Texas, and Wright Killen from Dallas—and effectively they advised that there would be no increase in the price of petrol to the consumers if we went down this path.

This government, in its monumental stupidity, has applied a 12c a litre tax to ethanol—probably the only government in the world that taxes ethanol—but thank goodness for small mercies that it was only 12c a litre instead of 28c a litre.

**Mr Neville**—After 13 years, Bob.

**Mr KATTER**—It is interesting that I get an interjection from a person representing a sugar area. It is interesting that he would interrupt me and interject when I am saying that we are trying to implement ethanol. Surely all I should hear from these gentlemen is a, 'Hear, hear! We agree with you.' It is a pity they did not say it in their own party room and with the conviction and force that is needed to get ethanol into this country. The United States is now on three per cent ethanol. That has not been delivered through any farm legislation. New York state and California produce no grain and no sugar cane, so there is no benefit for their economy in moving to ethanol. The reason they are doing it is because they—and every other intelligent representative of people throughout the world—know that people are dying as a result of tailpipe emissions from motor vehicles.

They die because of the particulates, which the Americans are getting at with the oxygenation of their petrol. I can help those public servants and other people who may be

listening to find out where they can get this information. Amendments to the United States' Clean Air Act were introduced in 1990. They said that when an area reached a certain pollution level—which was a carbon monoxide based criterion—it had to oxygenate its petrol, as over 90 per cent of that pollution was coming from petrol fumes.

There are technically only two ways that we know of to oxygenate petrol. One is MTBE, which is a mildly carcinogenic petrol derivative, and the other is ethanol. There are a lot of bad things about MTBE and the United States have accepted that they have to ban MTBE. So New York state and California, even though there is no benefit to their economy, have both moved to ban MTBE and they are now experiencing the full ramifications of their air quality control act and have had to move to around six per cent ethanol content in their petrol.

If they are doing it in the United States then surely the reasons for doing it here in Australia are massively more compelling. One of this nation's top 10 export industries is about to vanish. I pay tribute to the member for Page, because he is very knowledgeable in these areas. When he says this industry cannot survive he is dead right. If the government proceeds with its decision on the importation of bananas, thereby allowing disease-ridden bananas in from the Philippines, and if it proceeds to do nothing else except maintain a hand-out mentality for the sugar industry prior to an election—in other words, if it does not move to ethanol—then I cannot see how this industry can survive in the longer term.

The previous speaker spoke about making farms bigger. That sounds pretty good until you have a detailed knowledge of the industry in Queensland. The area that has the least of the problems is Babinda, which I represent. In Babinda about five or six years ago,

according to Canegrowers, 80 per cent or 90 per cent of the farmers had no mortgage on their farms. They were little tiny farms, producing about 3,000 tonnes when the average is about 6,000 tonnes. The member for Page would quite rightly say that maybe we should be at about 10,000 tonnes or 20,000 tonnes per farmer. But the reason these people survive is that because these are small farms, they do not have a hell of a lot of work to do and they work in the mills or as schoolteachers or for the local council or for fertiliser companies. They have another job. This does not work out too badly. Overall, their job is created by the sugar industry and their wage income is created by the sugar industry, as is their farm income.

Let me revise for one moment. The reason this situation has arisen has got absolutely nothing to do with the efficiencies of our farmers. No-one in this world contends that we are anything but the most efficient industry in the world—not even the Brazilians claim that. Many years ago, a number of countries came together in the European Union and the enormous subsidies that were available in places like France and Germany for the grains industry then spread right across Europe. So instead of them applying to 150 million people these subsidies were suddenly applying to 440 million people. This, of course, distorted the world market. The guaranteed home price for sugar in the European Union is US22c a pound. The world price is around US6c a pound. There lies your problem. Their farmers are selling 80 per cent or 90 per cent of their product—almost all of their product—on the home market at US22c a pound and naturally they can afford to dump the rest of it at the world price of US6c a pound.

That was not a problem for Australia until Brazil realised that nobody could survive at US7c a pound—we probably could but they could not. They realised that they would

have to do something about it. As they had a massive smog problem in Sao Paulo—which is, I think, the biggest city in the world—and Rio de Janeiro, which is not much smaller than it, they proceeded to move to compulsory ethanol. The minimum blend of ethanol in their petrol was 22 per cent per litre by law. So suddenly they were getting nearly \$400 per tonne where the world market price was around \$260 per tonne. They were getting the equivalent of \$A400 a tonne for about half of their production. They could go down to US6c a pound.

I enjoyed the lecture in Ingham by Carlos Ortiz, a leading economist from Brazil. It was an excellent address in which he said, 'We can go to US4.5c a pound and still be viable.' There is no way in the world Australia can do that. Even if he was romanticising the idea a bit, there is no doubt that Brazil can go down to US5c or US6c and stay there indefinitely because of their ethanol. I do not know why the government has not moved when all of the imperatives are there. It is not to help farmers—Japan is not doing it to help its farmers, Europe is not moving to ethanol to help its farmers, and nor are China, India or the United States. In the United States, two of the three biggest states—New York state and California—are doing it, but they are not doing it to help their farmers; they are doing it because people are dying from tail-pipe emissions.

A group of distinguished people, four of them professors from sandstone universities, came down here late last year and said that more people are dying from motor vehicle fumes than from motor vehicle accidents. Surprise, surprise! Four weeks ago, Dr Ian Barr, the head of the government appointed commission on air quality in Australia at CSIRO came out and said that more people are dying from motor vehicle emissions than from motor vehicle accidents. What is the government doing about it? In Queensland, I

do not know about other states, we are driven crazy because there is a policeman every 100 metres with a radar gun and when there is not a policeman there is still a radar gun there.

They are spending an absolute fortune to try to stop road accidents. But the irony of all this is that they do not have to spend anything on ethanol. There is no cost to the consumer. There was no way the Queensland government was going to kick up the price of petrol, I can assure you, whether to please the canefarmers or anyone else. We would have been cutting our own throats if introducing 10 per cent ethanol was going to increase the price of petrol; there was no way we were ever going to do that.

But our advice from Wright Killen and Fluor Daniel was that there was no increase in price. To prove how right they were—and I should not have to do this as a member of parliament; this is public servants' work, and they should have got off their backsides—the public servants should have carried out this simple little exercise: ringing up North Dakota, South Dakota and Wisconsin and finding out the price of petrol there, and then ringing up Minnesota and finding out what the price of petrol is. Minnesota is on 10 per cent ethanol; the other three states are not. Surprise, surprise! There is no difference in price. The price is identical in all four states. And—surprise, surprise!—there are no cars breaking down in Minnesota, even though they have been on 10 per cent ethanol for around 10 years. Only an imbecile would have believed the rubbish that was coming in directly from the oil companies in Australia.

The answers are there. We thank the government for the \$400 million. We will try to do with it what we can. But I have to ask: is this to help the cane industry? If we close down the banana industry and the cane industry in the Tully-Innisfail area, which has

about 30,000 people, and there are about 7,000 jobs in those two industries, we will replace them—no, I correct myself: we are replacing them—with the cattle industry. Elders have had a big seminar in every single mill area in Queensland telling canefarmers how to convert to cattle. We will go from an income for that area of, I suppose, \$450 million to \$500 million a year down to an income of about \$40 million to \$50 million per year for cattle. Of course, those two shires should be about the same size as Julia Creek, because they will have the same number of cattle as Julia Creek. Julia Creek is a town of a little under 2,000 people. So they will shrink. Two industries will be destroyed. The \$2,000 million a year this industry earns for Australia will vanish without trace. We will import. The government will do ethanol—as sure as the sun rises, one government or another will be doing ethanol over the next few years—because the health issue will force them to do it. It is disgraceful that so many people have died to date— (*Time expired*)

**Mr NEVILLE (Hinkler) (12.54 p.m.)**—I have heard a lot of rhetoric today from the other side of the House but not a lot of substance and not a lot of direction on where we might take this very important sugar industry. It would come as no surprise to honourable members that I have an intense interest in the [Family and Community Services and Veterans' Affairs Legislation Amendment \(Sugar Reform\) Bill 2004](#). In fact, I take some pride in being one of those who helped put this particular part of the bill together, in my early negotiations with the three people who crafted the package. In this package, which is part of the \$444 million sugar reform and rescue package over the coming four years, we have a comprehensive range of measures that can help the sugar industry and farming families in need.

As a prelude to the legislation, we should also be aware of the all-pervasive nature of

the sugar industry along the New South Wales and Queensland coastline. In Queensland, there are 6,500 canefarmers, and they are involved in 25 mills, two refineries, three distilleries and a number of sugar terminal export facilities. Unlike other commodities, sugar cane has to be harvested and processed at a mill within 36 hours. There is therefore an interdependence between grower and miller. Of course, that requires an integrated system of harvesting, haul-out, transportation to mills—generally by tramways—and then production of the sugar for the domestic market or the export market. The processes in sugar manufacturing are manifold. They involve planting, growing, harvesting and regeneration, from a farming perspective; haul-out, transport, milling, refining and distilling, from a mill perspective; and the all-important export of five million tonnes to the overseas market. Even in these tough times that is worth \$990 million of exports to Australia, based on the 2003-04 figures.

I reiterate that this interdependence of miller and grower, along with the ancillary support services of harvesters, transporters and by-product manufacturers, is quite unique. Millaquin mill in Bundaberg is one of the few places in the world where raw sugar production, refining, rum production and other distilled products production occur on the one site. For this reason—I use that as background—the reform package needs to be very comprehensive. Already, income support is being supplied to farmers. In fact, I got the figures today to show that in the Bundaberg and Childers areas there have been 236 applications for farm support income. Of those, 125 have been granted payments and 33 have been rejected. It seems that over 80 per cent of those who have been applying for farm support are having their applications granted.

Even more important, as we have been hearing over the last couple of days, is that

the sustainability grants to both growers and millers are starting to take place. For example, in the Bundaberg district, \$5,052,000 has been distributed—about \$1.7 million going to the miller and \$3.3 million going to the growers. In the Isis district, \$1.96 million has been distributed—\$700,000 of that going to the miller and \$1.2 million going to the grower. Of course, for the Isis mill, being a cooperative, you could say most of that—nearly \$2 million—would be going to the growers in one form or another. That is significant. That has been acted on promptly. In January next year, those payments will occur again. They are significant and they part of the comprehensive nature of this package.

What we are dealing with today is a very important aspect. Over the years, sugarcane growing and manufacturing have been a way of life for some people. For 85 years the industry was rigidly controlled. It was one of those industries where farms were handed from grandfather to son to grandson. That was not an unusual process at all. But with the corrupted markets we have encountered over recent years and with the low price of sugar which other speakers have referred to—in fact, I think it went as low as slightly under US6c a pound and today it is in the mid sevens, thankfully—poverty traps have occurred. You might have on a property a farmer, his son, his son-in-law and their wives, and not one family is able to leave, for various reasons. For example, the father might not be able to leave because that would mean he would not get a pension. So they are trapped there in a poverty cycle where they are earning less than even the dole.

We are talking about a very important aspect today. It essentially involves the release of elderly farmers from the industry without losing their right to a pension or the use of their family home. I fought very hard for this, and I think it is one of the essential fea-

tures of this package. Sometimes we get caught up in the rhetoric and forget what is happening to people in the industry. Naturally, a number of conditions apply to this package. One is that the net value of the farm cannot exceed \$500,000. I stress the word 'net'. If, for example, the farm were carrying \$300,000 worth of debt, it could mean that the farm was worth up to \$800,000. It should not be hard for farms carrying some debt to meet this particular guideline. Naturally, the retiring grower or his partner needs to be of pensionable age or reach it within the three-year window of this package. As I said, sometimes you have two, three or even four families trying to eke out an existence on a farm in this corrupted world market and in this period of low sugar prices.

For example, should the farmer gift the farm and undertake to leave the industry, he and his partner will be able to receive a pension according to the standard assets and income tests. That could mean that, even after gifting the farm, the farmer could have off-farm assets of shares or superannuation, and he could have perhaps other equipment that was not associated with sugar farming, and that would allow him, in a range of between \$212,000 and \$490,000, to receive a full or part pension. The other conditions are fairly reasonable. He needs to have been on a particular farm for 15 years or in farming at other sites for 20 years, and he must have grown sugar cane for the last two years—not tough conditions by any means. I think that shows that the government is caring and has set in place a framework that will allow the next generation of cane farmers—the ones who are going to have to face this tough world that other speakers have described today—to have a degree of certainty about where they take the family farm.

In the context of this debate today, I would like to take the opportunity to answer the shadow minister on a number of claims

that he made which I thought were quite inappropriate. He talked about the free trade agreement and said that Australian cane farmers were comprehensively betrayed. He described the negotiations as 'spineless' and said that the agreement significantly disadvantaged growers. He knows and I know that all of that is rubbish. He knows that sugar was negotiated hard right up until the final moment. In fact, the minister tells me that it was one of the last two items left on the table in the negotiations and that it was the subject of the final discussions between President Bush and the Prime Minister. What happened to Australia in that particular negotiation is no different from what happened to countries in Central America. Mexico still does not have access, despite being the nearest neighbour of the United States after Canada, and nor do the Central American countries that have been negotiating a free trade agreement with the United States. There was a great flurry in the *Courier-Mail* during the week about Panama, Colombia and Thailand seeking increased quotas. I confidently predict that they will not get increased quotas, or that they will get just nominal quotas, because their total quotas do not equal Australia's current 87,000 tonnes. The three of them together do not equal that.

I would like to repeat something that the previous coalition speaker spoke about, and that is the problem of how we go forward from here on such a low sugar price. With this free trade agreement, the only thing that could have been worse than getting no additional quota would have been to get a token one. That would have created the perception that the cane farmers had done very well. For example, say they had got another 50 per cent, or 42,000 tonnes, it would have sounded great in the newspaper: a 50 per cent increase in American quota to cane farmers. But in reality it would not have been much at all. So I think that the only thing

worse than not getting a quota would have been to get a token quota.

Let me go back to the member for Corio's comments that growers were comprehensively betrayed by 'spineless' negotiations and were significantly disadvantaged. If, as he says, that is the case because we were not able through our negotiating skills to break through the intransigence of the American negotiators and the American farm lobby, how would he explain to the parliament that, while the Hawke and Keating governments were in power, the sugar quota dropped from 800,000 tonnes to 200,000 tonnes? That is 600,000 tonnes. Was that spineless negotiation or activity on the part of the previous Labor governments? Was it a comprehensive betrayal of cane farmers when Labor were in office? Did they significantly disadvantage the industry they were charged with upholding? They would say to me—and I suppose it would be a reasonable argument—that they did their best with a very tough negotiator in a very tough market at the time. It seems to me that the Labor Party want a fool's pardon when they are in office, but they want to harry the coalition when we are in office. If it was a comprehensive failure, then what they let happen to the sugar quota was even more comprehensively a betrayal.

Both the previous speakers, the member for Corio on the opposition side and the member for Kennedy, talked about the original \$150 million sugar rescue package. My attitude to the memorandum of understanding is well known to this parliament and well known in my party room. I would not sign any comprehensive agreement like that with the Queensland government—not in a fit—because quite frankly they just do not honour those sorts of agreements, or they structure them to the point where they are meaningless.



Let me take you back to the sugar package before that, where the Commonwealth government put up \$80 million and the state government put up \$10 million. Wouldn't you think that for the major crop on the Queensland coast you could make a better effort than 12½ per cent of the Commonwealth's contribution? But it is worse than that: they not only put up a miserable \$10 million but also structured it so that only \$60,000 of it ever got to farmers—a miserable \$60,000. And you wonder why I have a problem with agreements with the Queensland government! The reason—and I say this with great respect to the member for Kennedy and the member for Corio—the Commonwealth government would not accede to that agreement was that the Queensland government would not negotiate in good faith with the cane farmers. There were two important issues, and all members of the House who followed the sugar debate knew those important issues, and one—

**Mr Katter**—Mr Deputy Speaker, I rise on a point of order. I claim to have been misrepresented. I praised the member for Hinkler for his stand on the memorandum of understanding and his opposition to it.

**The DEPUTY SPEAKER (Mr Wilkie)**—There is no point of order. The member for Kennedy knows that there are appropriate processes of the House to deal with matters of misrepresentation.

**Mr NEVILLE**—I assure the member for Kennedy that I was not being critical of him; I was explaining why we would not enact the agreement. One of the reasons was that we wanted an arbiter of last resort for the protection of farmers in this process, and that was what the industry wanted. There were a number of other measures, but that was one of the rocks on which we would not negotiate. That \$120 million Commonwealth contribution was being enacted, from the point

of view of income support payments, even though the agreement had not been formally enacted. That \$120 million of Commonwealth funding has been rolled into this other package, the \$444 million package.

Let me also make it clear to the member for Kennedy and the member for Corio that neither I nor, I am sure, other members here have any problem with Alf Cristaudo as state chairman of Canegrowers. Alf Cristaudo is highly respected in the industry. I know him and I respect him. He comes with a different style from the previous president, but that is all about the dynamics of the Queensland Canegrowers. They have democratic elections, they elect their leaders, and governments react to them. I have closely questioned the minister's office on this point, and there is nothing to say that Alf Cristaudo is going to be frozen out of anything.

We talked about the industry oversight group. The member for Corio made pejorative statements about 'the untoward things that might happen' when the coalition appointed this industry oversight group. This is going to be one of the most important groups that this government ever appoints. Do you think we are going to appoint some weak-willed, lily-livered or compliant person to that group? No, we are not, and the reason we are not is that we have to get results out of that group. From this regional and community project money, the \$75 million, we have to get some very good results. The member for Kennedy smiles, but we do have to get very good results.

In one sense it is a lot of money; in another sense, it could be a lot more. But to make sure it hits the mark we have to have the right people there. I am pushing for people, not necessarily with sugar knowledge, not necessarily with knowledge of those particular towns, but with knowledge of industries that can spin off sugar. They might be

the biofuel, ethanol or bioplastic industries. The one I like and the one I think offers the most promise of the lot is paper pulp, from the gas. If you do the sums on that, you will find it is probably the most promising. The difficulty for that one—

**Mr Katter**—There have been shots at it before, Paul.

**Mr NEVILLE**—The capital cost of getting there, Bob, is the problem—the capital cost of getting there. But there is a huge and burgeoning market developing in China for paper and paper pulp.

On the matter of fuels—I will close on this, and I do not say it with any rancour towards the member for Kennedy—I agree that we should be looking to some form of mandating. My party and coalition members know my view on it. I would prefer some form of mandating. It is not beyond the capacity of state governments to do that for their own states. Bear in mind that this government has extended the honeymoon for excise exemption on ethanol for another five years—that gives it a total of seven years at full exemption—and another five years after that of phasing in. So it gives the industry 12 years of certainty. I do not know any other industry that has been given an excise honeymoon of that nature, from my knowledge of politics in Australia. (*Time expired*)

**Mr ANTHONY** (Richmond—Minister for Children and Youth Affairs) (1.14 p.m.)—It is a great pleasure to sum up the debate on this important bill, the **Family and Community Services and Veterans' Affairs Legislation Amendment (Sugar Reform) Bill 2004**. Before I do, I would like to acknowledge the contribution of members who have spoken. As other coalition members have mentioned, whilst we always encourage debate, a lot of the substance of the member for Corio's speech was totally incorrect; nevertheless, he participated. The member for

Kennedy is always a passionate supporter. He leaves the chamber for North Queensland. The member for Hinkler discussed broad issues in the sugar industry and the future of the industry. He very eloquently made the case for the importance of biofuels and ethanol and discussed what the coalition government has done with the now 12-year excise break to try and encourage alternative fuels, looking at sugar products as the basis of that. The member for Page, who is a neighbour of mine, has a long history as a sugar grower and is a robust advocate of the industry. The member for Dawson is totally committed to the sugar industry in Australia, particularly in Queensland, and the welfare of people in that area. Other members who have an interest include the members for Leichhardt, Wide Bay and Kalgoorlie. Without doubt it is the coalition government who have the interests of canegrowers at heart.

On 29 April 2004 the Prime Minister announced a comprehensive range of measures at a cost of around \$444 million over four years to help reform the sugar industry and to assist individual canegrowers and their families who are in need. The bill provides for one of these measures—the Retirement Assistance for Sugarcane Farmers Scheme. During extensive consultation with the sugarcane industry, many stakeholders emphasised the need to ensure that cane farms can more readily be handed from one generation to the next. Accordingly, the Australian government has introduced legislation that will facilitate intergenerational transfer in the sugarcane industry.

Such a scheme will support sugarcane growers in dealing with challenge and change while at the same time increasing the involvement of young people, which is very important in setting the future directions of the sugar industry. This scheme will provide sugarcane growers who satisfy certain criteria a three-year window of opportunity to gift

their farm without attracting what are called the gifting rules that apply to the social security and veterans payments. The scheme will allow low-income sugarcane farmers to retire and access income support payments with dignity. Schedules 1 and 2 of the bill deal with matters relevant to social security law while schedule 3 provides for those matters relevant to the Veterans' Affairs portfolio.

I would like to mention the importance of the sugar industry and these provisions for intergenerational transfer to the area that I represent. We have grown sugarcane for over 100 years, and it is still the major agricultural industry in the electorate of Richmond and the surrounding electorates of Page and Cowper in the northern part of New South Wales. The industry has come a long way since horsedrawn ploughs and gangs of canecutters were used to plant and harvest cane. New South Wales canegrowers have a history of fighting for their future. In the late 1970s, New South Wales canegrowers formed a cooperative and purchased three mills from CSR when it became apparent that CSR was planning to abandon the industry and focus on its interests in Queensland. In the mid-1990s a refinery was built, and markets refined New South Wales sugar as Sunshine Sugar. This is very good example of local growers taking control of the product from the farm gate through to the shelf.

However, as world prices fell, the New South Wales sugar industry took steps to restructure and reduce costs in harvesting and transportation of cane to ensure the long-term future of the industry. Prices have fallen from over \$35 per tonne of cane 20 years ago to under \$20 per tonne last year. Given that labour, machinery and fertiliser costs have continued to rise, growers have faced great difficulties remaining solvent, particularly during the adverse weather conditions experienced over the past few years.

It is also important to maintain the current tonnage of cane to keep the mills viable. This is certainly the story as well in Queensland. If the mills close, the whole industry will collapse and with it the economies of whole areas. To economies like Murwillumbah in the Tweed Valley and areas of the Richmond Valley and further south, the sugarcane industry is critical. There are many other factors impacting on the ability of individual farmers to survive in the current climate, including the ability to sell land in which they have an interest for an adequate return or to pass it on to children to keep it operational. That is why this intergenerational bill is important.

The next phase in New South Wales is looking at alternative sources of revenue to be returned to growers outside of selling raw or refined sugar. The package that was put into place looks at not just the sustainability and viability of cane growers but also alternative revenue sources. One of those, as the member for Hinkler mentioned, is the area of biofuels. In northern New South Wales they are attempting to create electricity through cogeneration. I must commend the New South Wales industry. They are taking an enormous risk, but they are building their future by looking at an alternative income source—the generation of electricity through their Condong and Broadwater mills. This is a visionary step to provide another source of income to growers so they can diversify away from world markets, which we know are corrupted, and to provide another form of income to give longevity to the current growers and to provide a much cleaner greenhouse gas program for New South Wales. I think they will be leading the way in this technology, and as the local member I support them 100 per cent.

Aside from sustainability, one of the reasons for this \$444 million package was the recognition that the FTA is a good deal for

Australia in the long term. Of course, the sugar industry was closed out of that agreement. It would have been good to get access to that agreement for sugar—there is no doubt about that—but the package we have come up with, quite frankly, probably has far more substance in restructuring the industry and providing assistance than any token quota of access we would have received if we had been successful into that market.

Before I conclude I take the opportunity to thank all speakers. I would also like to acknowledge some individual growers in my own community who are making an enormous contribution: the chairman of the board of the New South Wales Sugar Milling Co-Operative, Neil Gregor, who has been actively involved in discussions with the government; the chairman of the New South Wales Cane Growers Association, Graham Martin; and local representatives on the New South Wales Sugar Milling Co-Operative. I thank my neighbour, Bill Stainlay, who has been a passionate and a very capable advocate for the cane-growing industry there. I also thank Mark North and Alan Quirk, just to mention a few, who have brought the concerns of growers to my attention and to the attention of the House. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

### Third Reading

**Mr ANTHONY** (Richmond—Minister for Children and Youth Affairs) (1.23 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### US FREE TRADE AGREEMENT IMPLEMENTATION BILL 2004

Cognate bill:

### US FREE TRADE AGREEMENT IMPLEMENTATION (CUSTOMS TARIFF) BILL 2004

#### Second Reading

Debate resumed.

**Dr EMERSON** (Rankin) (1.24 p.m.)—Labor is not opposing passage of the FTA-enabling legislation through the House, but Labor is reserving its position in the Senate. Labor has not made a decision to support this legislation in the Senate, nor has it made a decision to oppose it. When we say we are reserving our position, we mean it. The reasons for Labor's stance on the FTA are set out, in part, in the second reading amendment, which will read as follows:

That all words after "That" be omitted with a view to substituting the following words: "whilst not declining to give the Bill a second reading, the House:

- (a) notes that in response to the Government's announcement that it had completed negotiations on a free trade agreement (FTA) with the United States the Senate established a Select Committee to examine the FTA in its entirety;
- (b) condemns the Government for bringing on debate on this Bill before the Senate Select Committee on the FTA has reported and only one hour after the Joint Standing Committee on Treaties has reported; and
- (c) notes the wide ranging ramifications of the FTA and its implications for many aspects of Australia's economic, trade, foreign, health—particularly the pharmaceutical benefits scheme, copyright, intellectual property, manufacturing, audio-visual and media policies require it to be thoroughly assessed to determine it is in Australia's national interest".

Labor has been obliged to limit the length of the second reading amendment out of par-

liamentary necessity, but Labor's concerns go further, so we ask that the House:

- (d) notes the US Congress is given the opportunity to scrutinise the text of the FTA and it is only fair and reasonable that the Australian Parliament also be given the opportunity to thoroughly examine the text of the deal;
- (e) notes the US Congress will not be likely voting on the FTA until the middle of July;
- (f) notes that through their deliberations the Joint Standing Committee on Treaties and the Senate Select Committee on the FTA have become aware of major community concerns arising in regard to many elements of the FTA. In particular, concern extends to:
  - (i) the potential for the FTA to undermine the pharmaceutical benefits scheme (PBS) and lead to an increase in the price of drugs via the establishment of a 'review mechanism', the details of which are not yet available;
  - (ii) changes to the Therapeutic Goods Act, that may lead to a delay in the introduction of generic drugs onto the PBS;
  - (iii) possible changes to the current arrangements for the supply of blood fractionation services.
- (g) Other concerns about the FTA extend but are not limited to:
  - (i) the potential impact on Australia's credibility in the WTO, our leadership of the Cairns Group, reputation in APEC and commitment to genuine free trade;
  - (ii) uncertainty surrounding the modelling results commissioned by the Government and other parties and the Government's refusal to have the Productivity Commission assess the deal;
  - (iii) the exclusion of sugar, long phase-ins for other agricultural products, establishment of a new Sanitary and Phytosanitary (SPS) committee, and failure to get a most favoured nation provision (MFN) in the agreement on agriculture, similar to that achieved for services and investment, to capture benefits the US may provide in other FTAs it negotiates;
  - (iv) changes to Australia's Copyright Act 1968 and intellectual property laws including but not limited to copyright term extension, internet service provider liability, software patents, circumvention devices and the commercialisation of publicly funded Research and Development; and
  - (v) uncertainty surrounding the capacity of future Australian Governments to regulate for local Australian content on future audio-visual mechanisms; and whether the term 'interactive audio and/or video services' is broad enough to capture future developments in this area.

You can see from the length of our concerns that Labor will not be in a position to support this legislation through the parliament, nor should we be pressured into such a position. The decision on whether or not to support this so-called free trade agreement is a huge issue for the Australian parliament. It requires careful consideration based on facts, not myths or preconceptions. Labor will not be intimidated into a position on the FTA by the government's grotesque attempts to portray Labor as anti-American if we do not support the FTA.

The government and its cheer squad in the media were demanding that Labor support the FTA before it was even negotiated. We well recall the high farce of the government screaming that Labor were anti-American and un-Australian if we did not vote for a deal that we had not even seen. Remember the 1,000-page document that was to be released but was held up while the lawyers scrubbed it. This is a document that at that time was not available to the parliament and yet, at that time, the government was demanding that we agree to it sight unseen. Two parliamentary committees have been scrutinising that 1,000-page document, as they properly should. They have been taking evidence and allowing Australians to appear

to express their views, and they have been conducting economic analysis.

What has happened to the work of these committees? The Joint Standing Committee on Treaties reported just a couple of hours ago, and the Senate Select Committee on the Free Trade Agreement between Australia and the United States of America has not yet reported. It is due to report on 12 August, with an interim report due out tomorrow. However, such is the contempt with which the government holds parliament and its committees that it is forcing a vote on the free trade agreement today. This is outrageous. The United States has much more transparent, consultative and accountable processes for evaluating trade deals. The work of its committees is taken seriously by the US Congress and that is why the congress is not expected to vote on the FTA until the middle of July. Yet, this government expects the Australian parliament to vote on it today. If it is good enough for a great democracy like the United States to take the time needed to assess whether a trade deal is in America's national interest, why is it not good enough for our great democracy to take the necessary time to determine whether this deal is in Australia's national interest? Why is the government afraid of this trade deal being subjected to proper scrutiny?

The parliament would do well to recall attempts by the government to suppress the results of economic modelling that it commissioned which were unfavourable to the trade deal. I had to pursue that particular report through FOI legislation when the government point-blank refused to release the report through the Senate estimates process. The report to which I refer is the report of ACIL Tasman, which—when we did finally get our hands on that document through FOI processes—concluded from its modelling:

... an FTA with the US, even if fully achieved, would ... leave Australians as a whole worse off.

The Productivity Commission found that 12 out of 18 bilateral trade agreements diverted more trade than they created—that is, they cost more than they gained for those countries. Of course, we do not hear the government promoting that Productivity Commission report at all. The only report the government promotes is a report prepared by the Centre for International Economics. The original CIE report was prepared well before the trade negotiations had been completed. It concluded that a pure free trade deal could generate benefits to Australia of up to \$4 billion a year. However, that report and the modelling assumed full free trade and the total abolition of the Foreign Investment Review Board.

The same outfit, the CIE, then modelled the actual deal as it was negotiated, because it was commissioned by the government to do it. Let us recall that the actual deal contains no improved access for sugar, it contains a slow phase-in for beef and other agricultural products and it involves not the abolition of the Foreign Investment Review Board but a lifting of the threshold on non-sensitive investments from the United States from \$50 million to \$800 million. Clearly, the actual deal is a much lesser trade and investment liberalisation deal than that which was assumed in the original CIE study. Yet, rather than the benefits to Australia being smaller, magically, according to the CIE, they are much larger—not at \$4 billion, but at \$6 billion. It is like the magic pudding: the less there is in the trade deal, the greater the benefits to Australia. If we take that to its logical extension, if we were left with only a cover page on the agreement, the benefits to Australia would be massive! The smaller the liberalisation, the greater the benefits to Australia—so absurd is the modelling on which the government has relied and which it promotes so mindlessly and energetically, as the minister did today. Professor Ross Garnaut,

author of *Australia and the Northeast Asian Ascendancy*, has described this modelling work as failing to pass the laugh test—and it is laughable. Yet the government promotes it as if Australia would get benefits of \$6 billion.

The Senate select committee commissioned Dr Philippa Dee, who came up with her modelling results of a much smaller amount—a trivially small amount—of just \$53 million per annum. Dr Philippa Dee's report says:

On a strict cost-benefit calculation, the agreement is of marginal benefit to Australia, and possibly of negative benefit given some of the pernicious but unquantifiable elements in the intellectual property chapter.

So that is some dispassionate analysis by a former member or contributor to the Productivity Commission, Dr Philippa Dee. But the government has steadfastly refused to send this trade deal to the Productivity Commission for assessment. The reason is that it is terrified about the possible results of such an inquiry by the Productivity Commission, which would be capable of looking at this objectively and would have the resources to do the modelling properly.

An area of great community concern relates to the implications of the FTA for Australia's Pharmaceutical Benefits Scheme. A range of medical experts have raised legitimate issues about the potential for the FTA to undermine the Pharmaceutical Benefits Scheme or lead to an increase in the cost of prescription medicines to Australia. Under the FTA, a review mechanism will be established to allow drug companies to have an unsuccessful drug listing application reviewed by a new committee. Despite repeated questioning of officials, the government has not been able to advise who will sit on the committee, who will determine its agenda and how it will interact with the Pharmaceutical Benefits Advisory Commit-

tee. It is simply not acceptable that the parliament is being forced to vote on this bill when all of the details required to make a proper assessment of the impact of the FTA on the PBS are not yet available.

There is also valid community concern that changes to the Therapeutic Goods Act arising from the FTA may give rise to delays in generic drugs coming onto the market. Under the FTA, generic drug companies must notify an innovator drug company if they want to challenge the validity of a drug patent. The Australian community deserves the assurance that this change to the Therapeutic Goods Act will not lead to a delay in the introduction of generic drugs onto the PBS. Any delay in the introduction of generic drugs onto the Pharmaceutical Benefits Scheme has the potential to undermine the financial viability of the PBS. Labor have made it abundantly clear that we will not support the FTA if there is any possibility it will undermine the PBS or increase the price of drugs in Australia.

Concern has also been expressed about the arrangements entered into by the government for the supply of blood fractionation services. The scientific integrity of blood plasma products produced in Australia is of paramount importance in maintaining confidence in the safety of these products. Any future changes to blood fractionation arrangements arising from the FTA must be conducted in full consultation with all parties associated with this important service. Health and safety considerations must also be paramount in determining any new arrangements that may be put in place.

I now turn to agriculture. Under the deal, all US agricultural exports to Australia will receive duty-free access, but Australia never gets free market access for agricultural products to the United States. Despite all the promises, commitments and claims that

sugar was on the negotiating table and despite the Deputy Prime Minister saying that it would be un-Australian if sugar were not in the deal, not one extra grain of Australian sugar will go to the United States from Australia under this deal.

The deal does not remove US tariffs on Australian dairy products and maintains US tariffs on Australian beef exports for 18 years. Australian beef will also be subject to ongoing price safeguards that can be invoked if the price of beef falls in the United States. Australian horticultural exports, such as tomatoes, onions, garlic and orange and other fruit juices, will also be subject to onerous price safeguards in the event that the prices of these products fall in the United States. The imposition of these safeguards is completely against the spirit of the deal and undermines yet again the ridiculous claim that this is a free trade agreement.

Quarantine issues are also an extremely sensitive aspect of the FTA that have given rise to legitimate community concerns. Again, the government has not been able to advise the parliament who will sit on a quarantine committee that will be established or how it will interact with our science based quarantine import risk assessments. Despite repeated questioning of government officials, it is not yet clear who will determine the composition of the quarantine committee, who will be appointed to the committee, what committee members' qualifications will be, who will determine the committee's agenda and, most importantly, how the committee will interact with Australia's science based quarantine import risk assessments. There is already a great deal of anger in Australia's rural and regional areas about the government's handling of import risk assessments released this year on pork, apples and bananas. It is of paramount importance that the government does not further undermine confidence in the integrity of our

quarantine arrangements by introducing new processes via the FTA that undermine our science based approach.

The government has failed to get most favoured nation treatment on agriculture, which is important in preventing the negotiation by the United States of other trade deals that would discriminate against Australian agricultural exporters. Impacts on the Australian manufacturing sector are highly uncertain, and grave concerns have been expressed—for example, in respect of the automotive industry. Will the rules of origin restrict motor vehicle exports to the United States? This is something that deserves proper scrutiny. Certainly the rules of origin in this deal will prevent extra textiles and clothing exports being able to enter the United States duty free.

I turn now to copyright. There is the so-called mickey mouse clause that would extend copyright protection from 50 to 70 years. Philippa Dee of the Australian National University has estimated that this would cost Australia \$88 million a year, or \$700 million, in net present value terms. There are other legitimate concerns in respect of the commercialisation of publicly funded research and development, and there are restrictions on the capacity of Australian governments in the future to regulate local content.

We have a number of actors and directors in the parliament at the moment, such as Geoffrey Rush, Sigrid Thornton, David Wenham and Toni Collette, just to name a few. Government ministers allege that anyone who questions the merits of the free trade agreement is somehow anti-American, implying that we are not patriotic, that we are not good Australians. Certainly the Minister for Foreign Affairs likes to say that people are anti-American if they do not support this deal. When I pressed the Minister for



Trade on this, after he had said similar things—that our strategic alliance with the United States and the FTA were inextricably bound up—he denied it and said on 26 March 2003:

It is absolutely clear there is no ambiguity about our position that these two policy settings, in terms of the strategic security policy and our economic and trade policy, are clearly separate and heading in a particular direction and are absolutely based on the merits.

Tell that to Tony Abbott, the Minister for Health and Ageing, who said just last week on the *Sunday* program hosted by Laurie Oakes:

... the big question, Laurie, is does the Labor Party support the US free trade agreement. They say they support the alliance, but it's hard to see how they can support the alliance if they don't support the free trade agreement.

How outrageous is that? What a slur on the Australian Labor Party and on any Australian who happens to question the merits of the FTA to say that in some way that means we are questioning the alliance with the United States. Is Geoffrey Rush anti-American? Is Sigrid Thornton anti-American? Is David Wenham anti-American? Is Toni Collette anti-American? Are Gillian Armstrong, Phillip Noyce and Ray Lawrence anti-American because they have the temerity to question whether this trade deal might affect the ability of a future Australian government to regulate local content? This is an outrageous slur from the minister for health, and he should come into this parliament and apologise. It is typical of this government to try to run a political argument against anyone who happens to question the merits or any aspect of the trade agreement by suggesting or asserting that they are anti-American for doing so and that they do not support the alliance. It is an outrageous slur.

I turn now to global trade liberalisation. The proliferation of preferential free trade

agreements, which are not free trade agreements at all, is dealing a severe blow to the global round of multilateral trade negotiations. This proliferation is so damaging, in our region and beyond, that the continued viability of the WTO is being undermined. Certainly, the negotiations for the Doha Round of multilateral trade negotiations are being put in jeopardy by the focus on bilateral, preferential deals. China, for example, has observed this proliferation of preferential trade deals and, partly in response, has already agreed to an early harvest for Thailand in a preferential trade deal that it is negotiating, such that Thailand will have preferential access to the Chinese market that will not be enjoyed by Australia. We do not want to see this sort of thing repeated. The problem with this proliferation of bilateral trade deals is that it can lead to tragic results for the prosperity of everyone on this earth.

No modelling can capture the losses from the disintegration of the global trading system in which the Australian government is playing a willing part. The fact is that this government has blinked and it has undermined our credibility in the global trade negotiations. It has effectively told the WTO negotiators and countries in the global trade negotiations that we are willing to exclude sugar from any global trade negotiations. It has told those negotiators and those countries that the Australian government is weak on other agricultural products and it is prepared to abandon sugar and to be weak on other agricultural products. This government has blinked.

Professor Ross Garnaut, whom I mentioned earlier, author of *Australia and the Northeast Asian Ascendancy* and one of the architects of the 1980s trade liberalisation program under Labor—which, along with other economic reforms, has led to record productivity growth in this country—is, to put it mildly, very critical of this trade deal.

He has indicated that the Centre for International Economics modelling, which was commissioned by the government, fails to pass the laugh test. Another good Australian, a patriotic Australian, Professor Peter Drysdale provided a submission to the Senate select committee. Professor Drysdale said:

On balance the Agreement negotiated is likely to *divert* as much trade as it *creates* ...

He went on to say:

On the evidence of the Government's own study, this is an Agreement the direct trade effects of which appear likely to damage Australia's economic interests. An important element in the calculation of the direct costs and benefits of the trade effects of the USFTA suggest that income losses through trade diversion will exceed income gains from trade creation by a small but significant margin.

And he refers to table 7.1 on page 83 of the CIE report. So Professor Garnaut is highly critical and Professor Drysdale is highly critical. On behalf of the Labor Party I say: let the Senate select committee complete its work so the Australian parliament can make an informed judgment on whether this deal is in the national interest. As far as Labor is concerned, the deal must be in Australia's national interest.

The government should be condemned for repeatedly claiming that Labor is anti-American for not immediately agreeing to this trade deal. Labor is not anti-American; Labor is pro-Australian. The test must always be whether this trade deal is in Australia's national interest. That is the test that Labor will apply after the Senate inquiry has been completed. We will not be railroaded, we will not be intimidated and we will not be bullied into making a decision on this trade deal before it has received proper scrutiny from the Senate select committee. We will not be intimidated by outrageous slurs about our patriotism. We will not be intimidated into signing up to a deal that has not been

properly assessed by the Australian parliament on behalf of our great country. We will make sure that that assessment is completed, and we will then make our decisions on the merits of the case. We will not be bullied or intimidated by a government that called for Labor to sign up to this deal before we had even seen the deal—a 1,000 page document, a very complex document—and then said, 'If you don't sign this deal you're anti-American.' That is absolutely outrageous.

**Mrs De-Anne Kelly**—You are—just listen to your leader.

**Dr EMERSON**—We have just heard the member for Dawson repeat that outrageous slur. The fact is that the Australian Labor Party, as it does with all matters, will assess whether the US-Australia trade agreement is in Australia's national interest. The Australian people should expect no less of the Australian Labor Party. But the Australian people are getting much less from the coalition government, because the coalition government was committed to this deal before the ink had even dried on the agreement. The government was committed to this deal before it had been scrubbed by the lawyers. Even at that time, the government was already screaming that Labor must sign up to this agreement. We will not be railroaded. We will not be intimidated. We will allow the Senate select committee to complete its work. Once that work is completed and we have made an assessment of the work of the Senate select committee, we will make an objective decision on the merits of the trade deal between Australia and the United States. I formally move the second reading amendment:

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

"whilst not declining to give the bill a second reading, the House:

- (a) notes that in response to the Government's announcement that it had completed negotiations on a free trade agreement (FTA) with the United States the Senate established a Select Committee to examine the FTA in its entirety;
- (b) condemns the Government for bringing on debate on this bill before the Senate Select Committee on the FTA has reported and only one hour after the Joint Standing Committee on Treaties has reported;
- (c) notes the wide ranging ramifications of the FTA and its implications for many aspects of Australia's economic, trade, foreign, health – particularly the pharmaceutical benefits scheme, copyright, intellectual property, manufacturing, audio-visual and media policies require it to be thoroughly assessed to determine it is in Australia's national interest".

**The DEPUTY SPEAKER (Mr Jenkins)**—Is the amendment seconded?

**Mr Zahra**—I second the amendment.

**Mr BAIRD (Cook) (1.50 p.m.)**—It is my pleasure to rise today in this debate on the **US Free Trade Agreement Implementation Bill 2004** to support this most significant of agreements. I listened to the member for Rankin as he outlined at some length the position of the Labor Party. I do not know whether he was using his old speech—because we read in the paper today that the US free trade agreement is part of the backflip that the Labor Party have been through over the last 24 hours. Concerned about their stall in the polls, they are busy jettisoning those areas of their policy that they think might be an embarrassment.

The FTA resonates extremely well with the Australian community, because they recognise several things. Firstly, they recognise that America is one of our greatest markets. In terms of many of our markets, it is No. 1 for Australia. Secondly, they recognise that the relationship between Australia and the United States has always been very strong.

We are strong allies of the United States, and we have a long and rich history in the economic area and in being together in areas of conflict.

I listened to the member for Rankin as he outlined various areas of complaint and struggled to find reasons to object to the agreement. But the fact is that this is a momentous agreement that is worth a large amount of foreign exchange earnings to the Australian economy. The Centre for International Economics estimates that, overall, the deal is worth some \$52.5 billion over the next 20 years. It is estimated that in 2015 alone—its peak year—it will be worth \$6½ billion.

So we are not talking about a will-o'-the-wisp issue; these are real jobs for the Australian community. The agreement will be a major job creator in the Australian community that we can all be proud of. The levels of return that we see in this bill pay tribute to the work of the Minister for Trade, Mr Mark Vaile, and to the leadership of our Prime Minister. We have a very strong relationship with the United States. It is estimated that the agreement will create some 40,000 new jobs in the Australian economy. This is in addition to the 1.3 million jobs we have created in the Australian economy since this government came to power. Job creation is important. In my electorate the unemployment level is some 2.6 per cent. This is a record level since this government came to power. These benefits will be widespread across many areas of Australia.

The member for Rankin objects, saying that the agreement is out of line with community views. He should read the editorial in the *Australian* on 22 June headed 'Time for Labor to sign on to the FTA'. It says:

For Labor the time to hesitate is through on the free trade agreement with the US. Congress is expected to shortly agree to the arrangement.

We understand that they are going to let it through. Despite the protestations from the member for Rankin, this is another backflip. Labor realise the embarrassment, the lack of support from the community and the lack of support from the media. The editorial continues:

Would any other country knock back vastly improved access to the world's biggest economy? Obviously not. If Australia backed away from the FTA we would not see other Southeast Asian nations for dust as they dashed to do a deal with the Americans.

... ..

But the bottom line is that it is an agreement for the future. It offers Australians the chance to both sell more of our existing goods and services and to build new industries. Opponents of the FTA come in various shapes and sizes.

The editorial then outlines how the arguments that Labor put forward are not realistic. Of course this agreement is not perfect. We would have liked to see sugar included in the deal, and we would have liked some other concessions made. But the bottom line is that it protects our pharmaceutical agreements—our PBS; it protects the cultural aspects of Australia's film production; it protects our arts, our environment and our community; and it protects Australian content. But it also provides access to the largest economy in the world. The US economy represents some 34 per cent of world GDP, yet the Labor Party would say that we need to continue with unilateral agreements and the multilateral forums with the WTO. Only recently the WTO met at Cancun in Mexico. That ended up being a disaster, as the G20—the newly formed emerging group of countries—formed their own views on the WTO. The result was that the progress that had been made was stalled.

Isn't it more important that we reach agreement where we can? We have reached a free trade agreement with Singapore, and

that has been hailed on both sides of the House. We have worked towards a free trade agreement with Thailand, and that has been very successful in opening up new markets to Australian exporters. We are also working on an economic agreement with China, a very important emerging world economy. This agreement can provide a template for the agreements that we will reach in the future with other economies.

In February this year I was in Washington and I found that there was a great level of support for the free trade agreement and for Australia generally. We have things in common in our past, and we will have things in common in the future. Why wouldn't we build on that? Why wouldn't we see the great opportunities for Australian agriculture and for Australian manufacturers? For example, Australian utes previously faced significant tariff protection in the United States but they can now be exported to the United States without a tariff being applied. This is a significant benefit for all of us.

The US economy represents a market of some 300 million people and a GDP of almost \$11 trillion, a figure that most of us never contemplate. For Australia's exporters this is very significant. Revenue from the import of Australian goods is \$41.3 billion. Two-way trade between Australia and the United States in the 2002 financial year amounted to \$41.3 billion. The US contribution in terms of foreign direct investment in Australia was worth \$66.5 billion. Australian investment in the US was worth \$65.4 billion in foreign direct investment. This is significant; this is important to the Australian economy.

Peter Hendy, the chief executive of the Australian Chamber of Commerce and Industry, said yesterday that the Australian parliament should quickly pass the package of enabling legislation to facilitate the Aus-

lian FTA. He said that our political representatives should put aside their differences and support this unique trade opportunity.

*Honourable members interjecting—*

**Mr BAIRD**—I heard the comments from the members opposite, who are busy doing backflips. I remind them that the free trade agreement has the support not only of this side of the House but of all the state premiers. For example, we have heard comments from Peter Beattie in which he outlined his strong support for the US free trade agreement. We have heard from Bob Carr that this is a great plus for the Australian economy, with some 40,000 jobs.

I am very pleased to see the Minister for Trade, Mark Vaile, come into the chamber. This is the man who put the deal together. This is the government that made it possible. This is the government that believes in a strong economy and in putting together the important factors that create the jobs and the export opportunities for Australia. To put us in line with the world's largest economy and to create a free trade environment which is going to be the template for our agreement with China is very significant. The Labor Party leave the Australian community behind in their failure to support the agreement.

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

#### QUESTIONS WITHOUT NOTICE

##### Howard Government: Community Forums

**Mr LATHAM** (2.00 p.m.)—My question is to the Prime Minister. I refer to the need to increase trust and confidence in the Australian political system. Does the Prime Minister agree that political leaders should have

more face-to-face contact with the Australian people? Given the Deputy Prime Minister's support for community forums in regional Australia and my own program of 14 community forums this year, will the Prime Minister now accept my challenge to hold a series of community forum debates during the election campaign in the second half of this year?

**Mr HOWARD**—I look forward to interacting with the Leader of the Opposition in a variety of ways on numerous occasions in the weeks and months, and indeed beyond that, in the time ahead.

#### Health and Ageing: Reforms

**Mr SCHULTZ** (2.01 p.m.)—My question is addressed to the Prime Minister. Is the Prime Minister aware of recent developments relating to the sustainability of Australia's health system and particularly much-needed reforms to the Pharmaceutical Benefits Scheme? Are there any broader implications for Australia's reform agenda?

**Mr HOWARD**—I thank the member for Hume for asking a very important question about a very important area of public policy, and that is the health system of this country. As the member for Hume knows, everybody on the government side is absolutely and unconditionally committed to the future strength and sustainability of Australia's Medicare system. We are also very strongly committed to the contribution that private health can make to overall health provision in this country.

As the entire House knows, yesterday there was a very welcome change of heart by the Australian Labor Party. It has been uncharacteristically described as a backflip in this morning's press, but let me say that I welcome the decision that was taken by the Leader of the Opposition yesterday. It represents the first small step for the Leader of the Opposition towards a more credible eco-

nomic policy. But I want the Leader of the Opposition to go further. So to borrow a phrase: will Labor now join the government and support the much-needed reforms to the disability support pension system? There was a time when I would not have thought that question was necessary, because somebody once said:

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. It is being used as a way of shifting people off the dole and artificially lowering the unemployment rate. Some experts believe the size of the program should be no more than 150,000.

Incredibly, one in every 13 Australians aged between 40 and 65 has been classified as disabled and given the DSP.

... ..

The DSP needs to be overhauled and mutual responsibility policies applied to all those with a genuine capacity for work.

They were the words of the Leader of the Opposition, the member for Werriwa, in a paper entitled—listen to this—‘The welfare state and the third way’. It was a speech given to the Brisbane Institute on 26 July 1999. Put rather more directly, he had this to say in the *Sydney Daily Telegraph* on 18 August 2000:

For 30 years politicians have been talking about the need to treat people with disabilities as active participants in our society. The time has come to act on this sweet-sounding rhetoric.

Let me say it again: the time has come for Labor to join the government and to act on this sweet-sounding rhetoric.

But I do not think we should limit the reform horizon to the disability support pension. I might ask rhetorically: will Labor now join the government and support reforms to Australia’s unfair dismissal laws? Will Labor now join the government and commit to maintaining Australian workplace agreements? Will Labor now join the gov-

ernment and commit unconditionally to retaining the private health insurance rebate? That is a fairly simple one. The Leader of the Opposition could get up and say, ‘I unconditionally commit my party, if it wins government, to maintain in full, without variation, the existing taxation arrangements.’ If he does that, that will be a second small step towards a credible position.

I ask in the context of current discussions: will Labor now join the government and support the passage of the free trade agreement with the United States? Importantly and very urgently, will Labor finally produce a costed economic policy and particularly a taxation policy? The Leader of the Opposition was talking in his first question about debates on policy. I might ask the question: how can you debate a bloke about policy when he does not have one? How can you seriously have a debate about policy when he does not have one? The Leader of the Opposition has had the job for six months. I will not let him in on the secret as to how long it will be before he is tested before the bar of public opinion in Australia, but I will give him this bit of advice: to be taken seriously you have to produce a credible alternative. Although one small step was taken yesterday, he is a long way from doing that.

#### **Health: Child Obesity**

**Mr LATHAM (2.07 p.m.)**—My question is to the Prime Minister on the subject of junk food advertising. Is the Prime Minister aware that, last July, the Minister for Children and Youth Affairs spoke at an advertising industry conference in Sydney dealing with pester power—that is, the way in which advertising can entice children so that they pester their parents into buying products like junk food? Does the Prime Minister agree with Minister Anthony when he said:

Let me say to you as a parent—it is pester power and we hate you guys!



... ..

If you are not prepared to act responsibly then community pressure will force the Government to regulate the industry.

Prime Minister, when will the government regulate the industry to ban junk food ads on children's television?

**Mr HOWARD**—If my memory serves me correctly, the Leader of the Opposition asked me a question very much like this only a couple of weeks ago. My answer is the same now as it was then. I have stated the government's position. We do not support, will not be joining and would not dream of joining the Labor Party on this particular issue for the reasons that I have outlined.

#### Iraq

**Mrs MOYLAN (2.09 p.m.)**—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the government's response to the brutal beheading of a South Korean civilian in Iraq?

**Mr DOWNER**—I thank the honourable member for Pearce for her question. The Australian government and I am sure all members of the House condemn the brutal slaying of a South Korean citizen, the civilian translator Mr Kim Sun-il. Nothing can justify such an unspeakable evil. This morning I asked the South Korean Ambassador to come and see me and I took the opportunity during our meeting to extend Australia's profound sympathies to Mr Kim's family and also, more broadly, the Australian people's sympathies to the people of the Republic of Korea. I also told the ambassador that I warmly welcome President Roh's commitment to continue with South Korea's deployment of troops to the northern part of Iraq. Their plan is to deploy a little over 3,000 troops by the end of August. I told the ambassador that I admired President Roh and his government's steely commitment to deal

with terrorism in a very determined way and the fact that the Korean government has made it clear that it will not bow to the demands of terrorists.

The perpetrators of this appalling act are believed to be from the same group led by the al-Qaeda linked terrorist al-Zarqawi. It was that group which murdered the American civilian Nicholas Berg back in May. The horror of these acts shows that al-Zarqawi and his cohorts live in a moral vacuum. They have no connection with humanity and they have no connection with civilisation. They offer no hope; they only offer anarchy and suffering for the Iraqi people. We will not abandon the Iraqi people and leave them in the hands of these savages. In the face of such vile acts the international community, including Australia, must not weaken its resolve. We must all be prepared to stay the course. It is a grave mistake to think that in any way at all it is possible to appease terrorists. In weakness, they will see opportunity; from lack of resolve, the terrorists will draw confidence.

I note the comments by the Philippines Foreign Secretary—and many members of the House will know her—Delia Albert, who was the long-serving Philippines Ambassador in Canberra, in her capacity as the United Nations Security Council president. She said:

In the face of such evil, the world must stand united against the scourge of international terrorism that continues to plague our global community. On behalf of the members of the Security Council, I wish to condemn in the strongest of terms this abominable act of terrorism against an innocent civilian.

I can only say, 'Hear, hear!' to the words of the Foreign Secretary of the Philippines. The government admire the resolve and the strength shown by the government of Korea and we will always show the same resolve and strength ourselves.

**Health: Immunisation**

**Mr LATHAM** (2.13 p.m.)—My question is to the Prime Minister. I refer him to the 240,000 cases of chickenpox and shingles in Australia every year, resulting in 1,500 hospital admissions and seven deaths. Is the Prime Minister aware that the highest rates of hospitalisation occur in children under four years of age and that an acute case of this disease may be complicated by brain and spinal-cord problems, blood disorders and pneumonia? Prime Minister, when will the government fund the chickenpox vaccine, as recommended by the expert advisory group, so that all Australian children are protected?

**Mr ABBOTT**—Let me point out to the Leader of the Opposition that this government has a very good record on vaccination. Vaccination rates amongst children have gone up from just 50 per cent in the early 1990s to over 90 per cent now. Federal spending on vaccines has gone up from \$13 million in 1996 to \$143 million this year. That is even before the nearly \$180 million which the government is about to spend on pneumococcal vaccines.

This government has an extremely good record on vaccination. As for the chickenpox vaccination that the Leader of the Opposition raises, subsequent to the recommendation of the Australian Technical Advisory Group on Immunisation, I have been advised by the Chief Medical Officer of the Commonwealth that new technical information has come to hand. On the basis of the new technical information, the Chief Medical Officer has asked ATAGI to reconsider its recommendation.

**Trade Practices Act: Reform**

**Ms GAMBARO** (2.15 p.m.)—My question is addressed to the Treasurer. Could the Treasurer inform the House of changes to the Trade Practices Act and how these reforms will affect Australian small business?

**Mr COSTELLO**—I thank the honourable member for Petrie for her question. Tomorrow the government will be introducing legislation based on the report of Sir Daryl Dawson and his review of the Trade Practices Act. The bill will be introduced because it has fulfilled the requirements under the intergovernmental agreement. We have consulted for three months and, after the consultation period closes, a bill is then drawn, the bill is then put to the states for votes, the states have 35 days in which to vote and at least two states have to vote in favour of it. All states either have voted in favour or are taken to have voted in favour of this bill, and it will be introduced tomorrow.

Important reforms that will be put in place under this bill include a new formal mechanism for mergers. They also include increased penalties for breach of competition provisions, where the fines can be a maximum of \$10 million or three times the value of the benefit or, where the value cannot be determined, 10 per cent of annual turnover. In addition to that, the bill will provide a new mechanism for small business to engage in collective bargaining. Under the new mechanism, small businesses, where they have transactions of \$3 million per annum with the one person, can give notice to the ACCC that they intend to collectively bargain and, if the ACCC does not object, they are taken to have the power to do so—unlike the current situation where small business must seek authorisation in advance, pay a fee and go through an authorisation process. These provisions will be of benefit to motor vehicle repairers, petrol station owners, agricultural businesses and many other small businesses around Australia.

In addition to that, we will be tabling in both houses this afternoon the government's response to the Senate joint committee in relation to the Trade Practices Act, in particular section 46 of the Trade Practices Act.



The response will indicate that the government proposes to accept the minority report—that is, the report of the government members. They made sensible recommendations as to how the operation of section 46 could be improved—by, for example, empowering the courts to look at the question of where a business has both the capacity to cost below price—and does so—and a reasonable prospect or expectation of recouping losses from such below-cost pricing. That is not to say that the court cannot look at those matters at the moment, but it is to say that, by putting it specifically in the statute, it will be clear that the courts can direct their attention to that, and that would mean that making out the offence of misuse of market power or predatory pricing would be assisted in that way.

These are important reforms. They balance the need to have a competitive economy. They balance the requirements of a free market and open trading system. They give improved rights to small business in relation to collective bargaining. They make it clear that the government will not tolerate anti-competitive conduct. Together, these reforms will be of assistance. Our response to the Senate will have to go through the consultation period of three months, the preparation of a bill and the 35-day voting period, and that will take some time. The bill to be introduced tomorrow has important changes. I call on the House to support that bill.

#### **DISTINGUISHED VISITORS**

**The SPEAKER** (2.19 p.m.)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from the Republic of Chile, led by Senator Hernan Larrain Fernandez, President of the Senate of the National Congress, and Deputy Pablo Lorenzini Basso, President of the Chamber of Deputies of the National Congress. The delegation is accompanied by

His Excellency, the Chilean Ambassador to Australia. On behalf of all members of the House, I extend a very warm welcome to our guests.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Iraq**

**Mr RUDD** (2.20 p.m.)—My question is to the Minister for Foreign Affairs. I refer to the leaking of a top secret ONA report on Iraq. Given that the AFP investigation into this leak has now concluded, can the minister confirm whether his office requested a copy of the report from ONA on or about 20 June last year, just days before the *Herald Sun* columnist Andrew Bolt published his article on the report?

**Mr DOWNER**—I can say that to the best of my knowledge the AFP report is complete—I am not entirely sure about that—and my office, as I said before, would and did fully cooperate with the AFP in every way.

**Mr Rudd**—Mr Speaker, under standing order 145, that is not faintly relevant to the question asked.

**The SPEAKER**—The member for Griffith will resume his seat.

##### **Trade: Free Trade Agreement**

**Dr SOUTHCOTT** (2.21 p.m.)—My question is addressed to the Minister for Trade. Is the minister aware of new information about the attitudes of the Australian community towards freer trade? What is the government's response?

**Mr VAILE**—I thank the honourable member for Boothby for his question. I acknowledge his interest in this subject, particularly in his position as the chair of the Joint Standing Committee on Treaties. I also acknowledge that this morning the member for Boothby tabled the JSCOT report on the Australia-US free trade agreement—and quite a comprehensive report it was too.

Obviously, as trade minister, I am always interested in community attitudes towards trade as it affects the Australian economy and the Australian people. It was interesting that in late May Newspoll conducted a survey and asked a range of questions about community attitudes towards trade and what the community thought the effect of trade was on our economy. Some of the results were quite compelling: 62 per cent of the people surveyed believed that trade was good for the local economy; 61 per cent believed that trade created jobs; 93 per cent believed that trade was important for rural and regional Australia; and—interestingly, with the debate being undertaken at the moment—the Newspoll survey also asked about Australia’s free trade agreements and 60 per cent of people surveyed supported the Australia-United States free trade agreement. A clear majority of those surveyed supported what the government has done in the negotiation with the United States. The respondents identified the main benefits of the United States free trade agreement as being more jobs, increased exports, access to US markets and economic growth.

With that level of support from the community and the growing level of support from amongst the ranks of his own party, it is still a wonder that the Leader of the Opposition will not commit to supporting the free trade agreement in the Senate as well as in the House of Representatives. Labor have said that they will not oppose the FTA in the House but they reserve the right to oppose it in the Senate. I seem to recall the last Labor Prime Minister of this country had a particular description that he used to use on odd occasions about the Senate. I wonder what he thinks about devolving authority on such an important issue to the Senate.

But it begs the question about leadership. You have six Labor state premiers—all leading their governments and their states—

supporting this agreement. They know it is the right thing for their states and that it is going to be beneficial to their economies. Collectively they know that it is also good for Australia—in the national interest. It is to be hoped that they, along with the member for Corio, will convince the Leader of the Opposition that they should support this legislation when it goes to the Senate. The member for Corio yesterday made his position very clear to the National Farmers Federation, and I table the transcript of some answers he gave to questions yesterday where he gave his support to the FTA going through the House. There is no question—the community knows it; the state Labor premiers know it; the member for Corio knows it—that this is a good deal for Australia. We in the government obviously know it. It is now in the national interest that the Labor Party in the House and the Senate support this deal.

#### Iraq

**Mr RUDD** (2.25 p.m.)—My question again is to the Minister for Foreign Affairs. Minister, did your office request a copy of a top secret ONA report on Iraq on or about 20 June last year?

**Mr DOWNER**—My office has followed, to the best of my understanding, on this issue the DFAT practices in terms of ONA documents. If you are referring to an issue that you appear to have a curious preoccupation with—the fact that Andrew Bolt apparently was given a copy of this report—to the best of my knowledge there has been a police investigation into that. The police have had the opportunity to talk to people in my office. No doubt, if anything untoward happened there, they would have dealt with it.

**Mr Rudd**—Mr Speaker, I raise a point of order. Under the standing orders, twice this minister has refused to answer the question.

**The SPEAKER**—The member for Griffith will resume his seat, or I will deal with him. He is well aware that under standing order 145 the chair has been entirely consistent with all previous occupants.

**Health: Pharmaceutical Benefits Scheme**

**Mr CAMERON THOMPSON** (2.26 p.m.)—My question is to the Treasurer. Would the Treasurer inform the House of developments which will assist in keeping the Pharmaceutical Benefits Scheme financially sustainable? Are there any other proposals which could assist in funding new policy?

**Mr COSTELLO**—I thank the honourable member for Blair for his question.

*Mr Rudd interjecting—*

**The SPEAKER**—Order! The member for Griffith is aware of his obligations.

**Mr COSTELLO**—The member for Blair asked me whether there had been developments which will assist in getting the Pharmaceutical Benefits Scheme on a financially sustainable basis. There have been such developments. There was a rather stunning development yesterday which will assist in getting the Pharmaceutical Benefits Scheme on a financially sustainable basis. Yesterday, after 25 months, the Australian Labor Party decided that it would support a measure, to increase copayments for concession holders to \$4.60 and for non-concession holders to a maximum of \$28.60, from memory, which was introduced not in this year's budget, not in last year's budget, but in the budget brought down on 14 May 2002.

Interestingly enough, this was announced by the member for Fraser. Although it was a health measure, it was announced by the member for Fraser, which may well give you an idea as to why it was announced. When he was doing an interview about the subject yesterday, he was asked this question: 'It's a

massive backflip, isn't it, Bob?' His answer was:

No, it's just a hard decision that any sensible, responsible economic manager would ... make.

On this side, I guess we would agree that any sensible, responsible economic manager would have to make that decision. So, if any responsible economic manager would have to make it, why didn't Labor make it for 25 months?

It took me back to another transcript of the member for Fraser—a transcript of a doorstep on 9 October 2002. Bear in mind that any responsible economic manager would have made that decision. Back in October 2002 this is what the member for Fraser had to say about the matter:

They have put up the price of essential medicines by 30 per cent and it costs \$300 million. We won't be supporting these increases in the price of essential medicine—not now, not ever.

Never, ever! In October 2002 he said 'not now, not ever'. I may have missed it, but was there an election between October 2002 and May 2004? I may well have missed it. Not now, not ever, he said. This raises the question: which of Labor's other policies—not now, not ever—could well change overnight? Now that the Leader of the Opposition is in his Greg Louganis mood, with the triple backflips, which other policies could change? The Prime Minister has also adverted to one of them. It is Labor's policy on the disability support pension. Let me ask the question: does Labor still oppose the government's proposal to reform the disability support pension? We know that there is one member of the Labor Party that wants to support the government on disability support, because the member for Werriwa actually called on us to do it. But he has been joined by another member today—the member for Chifley.

*Government members interjecting—*

**Mr COSTELLO**—My goodness! They started airbrushing their transcripts and now they airbrush their members. They have airbrushed him out of his seat. I could have sworn he was up there somewhere. Get the Labor Party web site up before they change it and get the members' handbook before they take his picture out of it. The member for Chifley was asked this on his way into the parliament today:

**JOURNALIST**—How is this going to go down in Western Sydney—your neck of the woods?

**PRICE**—I think people understand John Howard hurts people who can least bear the burden.

**JOURNALIST**—It is a cop-out to say that, when you're the one that's supporting it, isn't it?

**PRICE**—To be frank, I have always had reservations about holding up the legislation.

**JOURNALIST**—What about the disability services pension then? Obviously there would be apprehension in holding that up as well?

**PRICE**—Look, they want to make a lot of changes.

**JOURNALIST**—Do you challenge Mark to support that now as well though?

**PRICE**—Well, look, I think we should look at everything that we have held back in the past. I mean, personally, and it is only my view, governments should be able to govern.

*Government members interjecting—*

**Mr Hockey**—Release Roger!

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

**Mr COSTELLO**—We call on the New South Wales right to release Roger immediately. Let him loose from Sussex Street and let him come back down here and let him sit on this side of the parliament. Disability support pension was a never, ever. Pharmaceutical benefits was a never, ever. There has been a triple double backflip in relation to pharmaceuticals. What about doing the same here? What about listening to Roger? What

about letting a government get on and govern? To that, we say amen.

#### **Nuclear Energy: Waste Storage**

**Mr KELVIN THOMSON** (2.34 p.m.)—My question is to the Minister for Science. I refer to his denials that his department was involved in developing a PR strategy for the proposed nuclear waste dump in South Australia, involving the creation of a list of experts and providing them with media training. How does the minister explain these documents that clearly show the invoices for the scientists' media training and these emails outlining plans to hold a press conference to spruik for the planned nuclear waste dump in South Australia? Will the minister now correct the public record?

**Mr McGAURAN**—I genuinely thank the honourable member for his question. On the documents available to me, in early July in the year 2000, before I became minister, officials in the Department of Industry, Tourism and Resources sent an email to a consultant they had in place in Adelaide, asking whether or not a press conference should be held using a number of experts and technical people. Bear in mind this is after research that showed that the people of South Australia wanted facts. They were sick of the political argy-bargy and they actually wanted to make up their own mind about the worth or necessity of a repository. I am further advised by my department that that press conference never went ahead. So the suggestion of making available technical experts—

*Government members interjecting—*

**Mr McGAURAN**—Roger has been produced!

*Government members interjecting—*

**The SPEAKER**—The minister will resume his seat. Members on my right!

**Mr Anderson**—I tell you what, Roger, you've got more friends over here than you have there now.

**The SPEAKER**—Deputy Prime Minister! The Minister for Science has the call. He will be heard in silence.

**Mr McGAURAN**—I am hoping that the member for Chifley's commonsense and balance can be brought to bear on the issue of the need for a national repository in South Australia and that science and logic will prevail. To conclude my comments, I am further advised that that press conference never went ahead, that the people who have spoken on a technical basis in regard to this issue have been those obviously associated with the government.

May I take this opportunity to remind the House that it is the Leader of the Opposition who has committed the Australian Labor Party to abandoning the selected site at Woomera for the national repository for low-level radioactive waste. After 13 years of both state and federal government involvement, based on scientific and technical advice, a site—having finally been selected—will now be abandoned, after 13 years and the expenditure of many millions of dollars, with no alternative in place. Consequently it is a totally irresponsible commitment by the Leader of the Opposition to make, because it places people's safety at risk. What we know is that in South Australia low-level radioactive waste is spread around 26 towns and suburbs, in hospital basements and university cupboards in 120 sites. That is South Australia. New South Wales cannot even give an inventory of where their low-level radioactive waste is temporarily and haphazardly stored, but you can presume it is in dozens, if not hundreds, of separate locations. We need a national repository which has been selected on all the regulatory and legislative requirements.

The *Sunday Age*, which the Treasurer mentioned the other day, listed the 200 promises in 200 days. It listed under the portfolio of science the commitment by the Leader of the Opposition to abandon the waste dump in South Australia, but he was unable to say where it might go or the costings that would go with it. The opposition have no credibility on this. As long as they play base politics on this issue, people's safety is at risk.

#### **Workplace Relations: Small Business**

**Mr LINDSAY (2.38 p.m.)**—My question is to the Minister for Small Business and Tourism. Would the minister advise the House of new government measures to help small business negotiate collectively?

**Mr HOCKEY**—I thank the member for Herbert for his question and recognise that he is a great advocate for small businesses in Townsville. When we met with them, they overwhelmingly endorsed his efforts to support local businesses. Obviously we are very concerned about the Labor Party's ongoing attacks on workplace relations and the relationship between employers and employees. Today the government have announced far-reaching changes to the Trade Practices Act that in effect are going to deliver through legislation the most substantial benefits to small business in over 30 years. In the specific area of section 46, the Treasurer announced that we are making changes in relation to predatory pricing. That gives real meaning to the provisions of section 46. Our changes make predatory pricing easier to prove. So large business is on notice that if it is engaging in predatory pricing against small business then section 46 and the ACCC, with additional resources, are going to get it. It is a warning in that situation.

Perhaps even more significant are the new provisions being introduced to the parliament tomorrow in relation to collective bargaining.



These provisions allow grape growers in Mallee to get together and work constructively in partnership with a potential purchaser, but if that does not work they will have the full power of the Trade Practices Act behind them. The member for Mallee has seen me about that. In the member for Deakin's electorate it could be smash repairers who have had difficulty in dealing with insurance companies. They are now able to get together and collectively bargain with insurance companies. In the member for Herbert's electorate it could be independent petrol stations who have been struggling to deal with their major suppliers. Now, under this provision introduced by the coalition government, independent petrol stations may well be able to get together and negotiate with the major supplier to get a better deal. In the member for Hinkler's electorate it could be car repairers who have had difficulty in dealing with spare parts manufacturers. They could get together under these provisions. In the member for McPherson's electorate, tenants in a shopping mall may be able to get together so that they can collectively bargain when they are dealing with a major entity that is running the shopping mall. It could be franchisees, it could be sugar farmers and it could be dairy farmers. These are landmark provisions that empower small business in a way that they have never been empowered before. They allow them to compete and negotiate with large business on an equal and fair basis. In no way will it compromise competition, because the ACCC has the power to disallow the application for collective bargaining if it is anticompetitive. We are evening up the playing field to give small business a leg-up and to do the right thing by 1.2 million businesses out there that are the engine room of the Australian economy.

#### **DISTINGUISHED VISITORS**

**The SPEAKER (2.42 p.m.)**—I inform the House that we have present in the gallery this afternoon members of the 13th delegation from the All-China Youth Federation from the People's Republic of China who are visiting under the auspices of the Australian Political Exchange Council. On behalf of all members of the House I extend a warm welcome to our guests.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Education: Funding**

**Ms MACKLIN (2.43 p.m.)**—My question is to the Minister for Education, Science and Training. Does the minister share the concern of the principal of the Melbourne Catholic school, St Bede's College, that the wealthy Haileybury College poached four of his students with outstanding sporting ability by offering them scholarships? Why has the government given Haileybury College a 325 per cent increase in Commonwealth funding so that it can, in the words of St Bede's principal, continue:

... trawling through the local talent to shore up their weaknesses?

Minister, does such a wealthy school need an extra \$4.2 million a year in federal funding when it is using scholarships to poach students with sporting ability from nearby Catholic schools?

**Dr NELSON**—I thank the member for Jagajaga for her question. The question is about a number of things. It is about non-government schools offering opportunities for students who might not otherwise be able to afford to go to them to do so. It is also about the funding of non-government schools, including Catholic schools. There are a number of things that need to be said.

The first is that, for every single child in a Catholic school or an independent school,

every time a parent in this country decides to put their hand in their pocket for their kids to use after-tax dollars for their education, they are receiving less public money in support of their education than if they sent that same child to a public school. As the Prime Minister has said before, the 68 per cent of children in this country who attend government state schools receive not 68 per cent of the public money but 76 per cent, and the 32 per cent in the non-government—

**Ms Macklin**—Mr Speaker, I raise a point of order.

**The SPEAKER**—Is the point of order on relevance?

**Ms Macklin**—There was no reference to government schools in this question. It was about which wealthy schools—

**The SPEAKER**—Order! The member for Jagajaga will resume her seat. The question was asked about school funding involving two—

*Opposition members interjecting—*

**The SPEAKER**—The minister is in order.

**Dr NELSON**—Those 1.1 million children attending Catholic and independent schools—that is 32 per cent of the kids in the system—are receiving 24 per cent of all of the public money. And that funding system—which the Labor Party voted for in 2001 and which it indicated yesterday it will be voting for again this year—has now been joined by the Catholic systemic schools. His Eminence Cardinal George Pell has made it very clear to Catholic families and the broader community, amongst others, that it is very important to focus on the federal and the state government funding.

The Labor Party asks this question. By the way, I asked my department to do some work on this—on schools that offer scholarships to kids to give them a break. So, if their fami-

lies are unable or unwilling to pay to get a certain education for them, what impact does a scholarship have? The impact that it has on the socioeconomic status core that determines the funding is less than 0.1 of a percentage point—when SES scores are from 80 to 130.

The next point that needs to be addressed in this question is that the fellow travellers from the Australian Education Union are currently running ads on television. Many people in the gallery would have seen them. They put up Scots College, which offers scholarships, on one side of the television and then they have a public school, Glen Waverley Secondary College, on the other. The union invites Australians to ask themselves: why is the school on the left, Scots College, getting \$3 million and why then is the school on the right, the Glen Waverley Secondary College, a public school, getting \$1½ million dollars? So the average Australian—although the member for Chifley would not do this—would be going: ‘Well, that seems odd to me. Why is that private school getting more than a government school?’

And that is because the union, like these people across the House, only tell half of the story. They tell a half-truth and try to mislead people. Scots College have 1,820 kids—Australian kids—and they get \$3½ million in public funding. The Glen Waverley Secondary College has 1,870 Australian kids and gets \$20 million in public funding. So what is going on here? There is a deceit in the question, a deceit in what is being told to the public, and I say to Australians and to young people in particular: always scratch away the surface and look for the truth, and you will never find it in questions from the other side.

#### **National Security: Forum**

**Mr McARTHUR** (2.49 p.m.)—My question is addressed to the Attorney-General.

Would the Attorney-General advise the House of today's high-level forum between Australian business leaders and senior government ministers on national security issues? Would the Attorney-General inform the House of any commitments aimed at enhancing Australia's national security arrangements?

**Mr RUDDOCK**—I thank the honourable member for Corangamite for his question, because today there was a very important meeting here at the parliament building of some 40 of Australia's senior business leaders, who willingly gave of their time to meet and discuss the very important issues of national security. This forum was addressed by the Prime Minister, the Deputy Prime Minister, the Minister for Foreign Affairs and me. It also heard from the Director-General of ASIO and the Commissioner of the Australian Federal Police, as well as Richard Humphry from the Australian Stock Exchange. It was also attended by the Minister for Communications, Information Technology and the Arts, the Minister for Industry, Tourism and Resources and my colleague the Minister for Justice and Customs. I thank them for attending and addressing this very important meeting. It was a unique and important opportunity to strengthen the partnership between business and government on the protection of Australia against terrorism.

The government has been focused on the protection of critical infrastructure—our energy, transport, food supply, finance and manufacturing sectors and our national icons and other utilities. I know members on this side of the House are interested in national security issues and would be very much aware that the business leaders today focused on the threat posed by terrorism—

*Ms Hoare interjecting—*

**The SPEAKER**—The member for Charlton!

**Mr RUDDOCK**—and they also appreciated the recent budget initiatives, with \$50.2 million over a four-year period committed to programs designed to protect critical infrastructure.

*Ms Hoare interjecting—*

**The SPEAKER**—I warn the member for Charlton! The Attorney-General has the call.

**Mr RUDDOCK**—The key message from today was the need to build together on the good work that has already been done and to ensure the lines of communication between government and business remain open. But it cannot be done alone. The willingness of business to engage with government on these issues, to work in a genuine partnership, is particularly welcome. As a result of the discussions in which we were engaged today, the government has decided to establish a consultative group of senior business leaders whose companies or organisations are responsible for major infrastructure assets and who will play an important part in giving business leadership to the protection of those assets.

The consultative group will provide a forum through which business can provide high-level advice and feedback on national security measures that relate to business, particularly focusing on critical infrastructure protection. It will provide a mechanism for Australian government to discuss proposed new security initiatives and developments as they occur from time to time. This new arrangement will complement the more specific ongoing medium-term strategic objectives of the existing Critical Infrastructure Advisory Council and the Trusted Information Sharing Network. We do face a significant threat to our personal security and safety, as a result of the activities of terrorists. I want to assure you, Mr Speaker, and I want to assure all members, that the government is determined to deal with that threat,



and the outcome of today's forum demonstrates that determination.

#### **Howard Government: Appointments**

**Mrs CROSIO (2.54 p.m.)**—I address my question to the Prime Minister. Will the Prime Minister rule out offering any sort of appointment or position to the member for Wentworth which would take effect after the election?

**Mr HOWARD**—In making appointments, as always, the government will act properly. I will say no more than that. We always act properly in relation to appointments. While on my feet on this subject, I will say that over the years people who have held honoured positions in this parliament have gone on in later life to serve with distinction. I look across and I see the member for Barton. His father was one of the most distinguished high commissioners to the United Kingdom, as well as, of course, having very positive football loyalties.

I simply say to the member for Prospect that we will act properly in relation to these matters. Before I became Prime Minister, I did not rule out the appointment of people who had served in this parliament. I might remind the member for Prospect that, when I became Prime Minister, the High Commissioner to the United Kingdom was Neal Blewett, a former health minister in the previous government. He was not asked to come home earlier than had been the arrangement. He was allowed to continue his term. I think one of the very good appointments this government made was that of the former Leader of the Opposition and former distinguished foreign minister, Mr Andrew Peacock, as Ambassador to the United States. The former member for Curtin served as Consul General in Los Angeles. I think the appointments this government has made have been proper, and they will continue to be proper.

#### **Health: Program Funding**

**Mr NEVILLE (2.57 p.m.)**—My question is addressed to the Minister for Health and Ageing. Would the minister confirm the government's commitment to preserving the Medicare Benefits Schedule, the Pharmaceutical Benefits Scheme and the private health insurance rebate? Is the minister aware of any alternative proposals involving pooled funding? Finally, what is the government's response?

**Mr ABBOTT**—I thank the member for Hinkler for his question because it allows me to clearly restate the policy of this government—that is, don't mess with Medicare. That is the policy of this government. By contrast, yesterday's historic backflip on the PBS demonstrates that Labor's health policy is nothing but a confused muddle. The member for Lalor denies that she has a secret plan to establish something like the UK National Health Service, but she keeps talking about abolishing all existing health programs and putting the money into one big pool to be administered on the basis of 'the bureaucratic knows best'. She talked about pooled funding to the National Press Club. She talked about pooled funding to the national conference of the AMA. She talked about pooled funding to the Tasmanian conference of the AMA, where she said, 'Let's get rid of Medicare, the PBS, payments to nursing homes and the health care agreement. Let's combine all the state and territory moneys in a pool.' Then she said:

This would effectively end the destructive cost shifting and mean that targeted programs could be introduced for individual regions.

In talking about pooled funding, the member for Lalor is just listening to her master's voice. The Leader of the Opposition himself, writing in the *Daily Telegraph* on 25 June 1999, said that the biggest health challenge now facing governments is 'how to bring the

private sector and the public sector into a single national health program'. But he did not stop there. On the *Sunday Sunrise* program on 6 August 2000, the member for Werriwa said:

The idea of pooling the federal and state health funds is outstanding.

What Labor now need to explain is just how this outstanding idea might work. Would the opposition put all of the \$8 billion in the Medicare Benefits Schedule into the pool? Would that mean that every doctor had to work as a subcontractor to the area health authority? Would that mean that people could visit only their bureaucratically designated doctor? Absolutely—yes, it would.

*Ms Gillard interjecting—*

**Mr ABBOTT**—Then explain exactly what it would mean! Would the whole of the \$5 billion of the PBS be put into the pool? Does that mean that prescriptions would be rationed and you could get them only from the government approved dispensary? The member for Lalor says that there are already pooled funds operating in Indigenous communities. Does she really think that health services in Chatswood and Malvern should operate on the same basis as health services in Aurukun and Hermannsburg? Is that what she really thinks?

*Ms Gillard interjecting—*

**Mr ABBOTT**—Then explain exactly what you do think! Go on Laurie Oakes's program and explain!

*Ms Gillard interjecting—*

**The SPEAKER**—The member for Lalor will resume her seat or I will deal with her.

**Mr ABBOTT**—It is really high time that the Labor Party came clean about their health policy. They go on these interviews and keep prattling on about Labor's plan to save Medicare. I tell you what: they have plagiarised their health policy from *Apocalypse*

*Now*. Their health policy is that you have to destroy Medicare in order to save Medicare. That is their health policy. They have to come clean with the Australian people because, until they do, the message is going out that, when it comes to health policy, you cannot trust Labor.

#### **Workplace Relations: Bargaining**

**Dr EMERSON** (3.02 p.m.)—My question is to the Minister for Employment and Workplace Relations and follows the answer given by the Minister for Small Business and Tourism to an earlier question. Now that the government has extolled the virtues of collective bargaining for businesses, will the government restore the right to collective bargaining for workers, with the Industrial Relations Commission empowered to direct the parties to bargain in good faith?

**Mr ANDREWS**—I thank the member for Rankin for his question. It gives me the opportunity of pointing out to the House—

**Dr Emerson**—It gives you the opportunity to answer!

**Mr ANDREWS**—It gives me the opportunity to answer the member for Rankin and say to other members in the House that what the government proposes in relation to small business is precisely what employees in this country already have. In fact, what we have in this country under the industrial relations system is an awards system and an agreement system. Employees can collectively bargain either through their unions or under non-union certified agreements, which are a form of collective bargaining.

If the member for Rankin is advocating the system which is being introduced for small business as an exemplar then he would reverse the policy of the Labor Party to abolish Australian workplace agreements. What the member for Rankin is saying is that it is all right for small business to be able to collectively bargain and to bargain individually,

but that is not good enough for Australian workers. What hypocrisy from the Labor Party! Here is a party that says that it is okay for small business to be able to collectively bargain and it is okay for small business to be able to enter into individual agreements, but, when it comes to the workers of Australia, they are not allowed to enter into the individual agreements of Australian workplace relations. The reality is that, for both small business and employees, we are saying that they can have the choice of collectively bargaining or having individual arrangements, which is something that the Labor Party will not support.

#### **Education: Funding**

**Mr ANTHONY SMITH** (3.05 p.m.)—My question is addressed to the Minister for Education, Science and Training. Would the minister inform the House of the reaction to yesterday's announcement of record funding for Australian schools? How has the initiative to ensure that every school has a flagpole and flies the flag every day been received? Is the minister aware of any alternative views?

*Honourable members interjecting—*

**Dr NELSON**—I thank the member for Casey for his question, which I found difficult to hear because of the laughter about flags from the Labor Party. Yesterday the Australian government announced that, over the next four years, \$31.3 billion of taxpayers' hard-earned money will be invested in school education. That is a record investment in schooling. But, for the first time, the Australian government is requiring that certain conditions are met in national standards; accountability to parents; reporting information; clear reports back to parents in plain language about the progress of our children; making sure that values are embedded in education in government and non-government schools; making sure that every

school has a well-developed safety program for schooling; and, amongst many other things, making sure that every school in this country that receives money from the Australian government has a functioning flagpole and flies the Australian flag.

Backbenchers achieve an enormous amount in this parliament, particularly on this side. The member for Casey, halfway through 2002, came to me and said, 'We have a problem with some of the schools in my electorate. Some of the schools I've been to don't have a flagpole.' So having raised it at a civics and democracy conference, I then wrote to every state minister for education in this country and suggested that it was important that every government school have a functioning flagpole and, if they did not have one, then the Australian government would be prepared to provide one financially. In fact, I understand that Croydon Public School in the electorate of Casey was the first school in Australia to benefit from this program, which provides up to \$1,500 to get a flagpole in an Australian school. I have been asked about the reaction to this announcement yesterday. There is a lot, but I will just walk the House through some of it. In the *Australian* newspaper this morning it says:

Every morning without fail, Philip Meehan unfolds the red, white and blue of the Australian flag with great care, ensuring its edges never touch the ground.

Philip is an 11-year-old student at Swanbourne Primary School in the electorate of Curtin, I think. Labor members ought to hear what 11-year-old children have to say. He said:

To me it says Australia—our country, our home ... It's an honour and a privilege to be in this country and to have such a brilliant flag and brilliant people here.

His principal, Nola Holt, said:

Because we have become a very multicultural society and people come from all different countries, I really think we need to have one flag the children identify themselves with as being Australians.

Unfortunately, not all of the commentary was as reflective of mainstream society views as that. For example, when I opened the *Herald Sun* this morning it said:

But education spokeswoman Jenny Macklin blasted the new flags-attached funding conditions.

Then I found in the *West Australian* newspaper that State School Teachers Union president Mike Keely said that Mr Howard and education minister Brendan Nelson had taken tokenism to the extreme. That is the view of Australia's education union. In fact, its federal president, Pat Byrne, in the *Melbourne Age* said:

It's a preoccupation with appearances ...

So, as far as the Labor Party and its fellow travellers and trashers are concerned, this is trivial. According to the Australian Education Union Victorian branch president Mary Blewett, the flag plan was 'a nonsense'. So, according to their fellow travellers, it is a nonsense. According to them, it is a preoccupation with appearances. The Labor Party and the unions better start listening to people like the principal of the Haberfield Public School, Karlyanne Jacobsen. The *Sydney Morning Herald* this morning reports:

The flag flying above Haberfield Public School and the patriotism practised below are glue to the 640 students who line up every Monday morning.

The principal of the "very multicultural" school ... said that saluting the flag, singing the national anthem and repeating mottos of respect and honour were "really part of us uniting".

This is one part of a four-year program for national consistency and standards of education. It is about honouring our past, imbuing in children an understanding of the values

and sacrifices of people who made this country what it is, as we think about our future and where we want to go.

*Mr Wilkie interjecting—*

**The SPEAKER**—The member for Swan!

*Mr Wilkie interjecting—*

**The SPEAKER**—Let me then warn the member for Swan! He is currently denying the member for Wills the opportunity to be heard.

#### **Environment: World Heritage Areas**

**Mr KELVIN THOMSON (3.12 p.m.)—**

My question is to the Minister for Environment and Heritage. Is the minister aware that the Douglas Shire Council recently implemented a local planning instrument in the area north of the Daintree River which bans inappropriate development of this sensitive World Heritage area and provides a mechanism by which land-holders can be compensated for any loss of development rights? Is the minister also aware that, after interference from the member for Leichhardt, several of the councillors are now seeking to reverse this new level of protection? Will the minister support the Douglas Shire's temporary local planning instrument and match the \$5 million in contributions from the state government and Douglas Shire Council for a sensible Daintree rainforest buyback scheme?

**Dr KEMP**—I thank the member for Wills for his question. I take it that the web site has been corrected in relation to Riverbank—that the \$200 million has disappeared off the web site by now. That was not the case just before question time. I think it is important that the Labor Party be honest in what it tells the Australian people through its web site.

I am aware of the recent decision of the Douglas Shire Council. It took that decision as a result of local planning laws. I understand that under Queensland legislation it has

the responsibility for providing funding to any land-holders whose property enjoyment rights may be affected by changes in those planning laws. The question that the member for Wills has asked me, however, gives me the opportunity to say that the Australian government has contributed some \$60 million to the management of the wet tropics World Heritage area and region. That has included some \$12 million to the Daintree rescue package for the purposes of purchasing land and providing infrastructure to the Daintree area. In fact, we have also given \$1 million to the Australian Rainforest Foundation to purchase areas of land with high conservation values and on-sell them to private sponsors.

I welcome the commitment of the Douglas Shire Council to the preservation of the World Heritage areas of the Daintree. We certainly support that. I am not aware of any analysis that has been done of any flow-on implications of their own local responsibilities. But if the Douglas Shire Council care to approach the Commonwealth on this matter we would obviously consider any flow-on impacts to the World Heritage area.

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

#### PERSONAL EXPLANATIONS

**Ms GILLARD (Lalor) (3.15 p.m.)**—Mr Speaker, I wish to make a personal explanation.

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

**Ms GILLARD**—With monotonous regularity.

**The SPEAKER**—Please proceed.

**Ms GILLARD**—In question time today the Minister for Health and Ageing repeated the same shameless and untrue assertions about my statements on health that he made earlier in the week. Specifically, he asserted

that I said I wanted to kill Medicare and the PBS. This is untrue today, as it was yesterday and the day before and last Friday. The minister then challenged me to answer a series of questions on health. The answer to each of them is no. If the minister genuinely wants to debate health reform he might like to explain to the House why he dodged a *Lateline* debate with me on Monday.

#### QUESTIONS TO THE SPEAKER

##### Liverpool Council

**Mr PYNE (3.17 p.m.)**—Mr Speaker, yesterday I asked you a question concerning statements made to the House on 1 June by the Leader of the Opposition which Piers Ackerman in the *Daily Telegraph* yesterday said were false. Since that time, the Leader of the Opposition has not taken a matter of personal explanation in the House in order to clear up that matter. I am wondering whether you, as the Speaker, will examine the record and cause the Leader of the Opposition to return to the House in order to correct those false statements he obviously made to the House on 1 June. Otherwise, he would have made a statement as a personal explanation—

*Opposition members interjecting—*

**The SPEAKER**—Order! The member for Sturt will resume his seat.

**Ms Gillard**—Mr Speaker, I rise on a point of order. I have had cause to raise with you in the past that this is clearly an abuse of the facility of the House to ask questions to the Speaker. You ruled on this matter yesterday. The only way the member should have proceeded is by way of a dissent motion. He did not do that. These consistent interjections by way of questions to the Speaker after question time are clearly inappropriate. I ask you to make that clear to the member—he did not understand you last time—so that we do not have to go through this again. Whilst I am on



my feet, I indicate to the Leader of the House that I am properly doing the work that is his.

**The SPEAKER**—Let me deal with the matter. The member for Lalor, Manager of Opposition Business, has given the matter raised by the member for Sturt considerably more air time than I would have.

#### QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

##### Education: Funding

**Dr NELSON** (3.18 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

**The SPEAKER**—The minister may proceed.

**Dr NELSON**—The Deputy Leader of the Opposition asserted in a question to me yesterday that the King's School in Sydney had constructed a leadership centre at a cost of \$17 million. I am advised by the principal of the school, Dr Tim Hawkes, that it was a \$5.1 million construction—\$3 million was raised by appeal and \$2 million was raised in borrowings.

*Ms Macklin interjecting—*

**Dr NELSON**—In addition to that, the centre is used by people in the broader community who have no relationship or connection to the King's School. This includes functions for leaders in struggling South Pacific nations. I seek to table a letter from the principal of the school.

*Opposition members interjecting—*

*Mrs Irwin interjecting—*

**The SPEAKER**—Order! The member for Fowler! The chair is on his feet. Persistent interjections are out of order. The member for Jagajaga would do well to take a leaf out of the book of member for Banks, whose interjections are effective but rare.

#### QUESTIONS TO THE SPEAKER

##### Wentworth Electorate: Electronic Communications

**Mr LEO McLEAY** (3.20 p.m.)—Mr Speaker, you and the member for Wentworth have indicated that the member for Wentworth raised an issue he referred to as electronic stalking with you and the Clerk. Could you tell the House whether you or the Clerk raised this matter with the Prime Minister or the Leader of the House or their officers?

**The SPEAKER**—I can certainly indicate to the member for Watson that there has been no contact between me and the Leader of the House and the Prime Minister's office on this matter at all. I believe I can say the same thing for the Clerk—I will check, and if there is anything I need to add I will come back to the member for Watson. In the interests of transparency I should indicate that I did get a phone call about the matter from the Prime Minister's office, but only after they said it had been raised with them by a member of the press gallery.

#### PERSONAL EXPLANATIONS

**Mr DANBY** (Melbourne Ports) (3.21 p.m.)—Mr Speaker, under standing order 64, I wish to make a personal explanation.

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

**Mr DANBY**—Yes.

**The SPEAKER**—Please proceed.

**Mr DANBY**—Last night in another place Senator Santo Santoro accused me of making an unfair and intemperate criticism of a long-established private child-care operator. In fact, I told this House on 27 May:

I am sure the standard of care at ABC, especially given the devoted work of child-care workers, is generally good ...

Senator Santoro failed to note that, in my child-care speech, I said that ABC staff are required to bring in their own audio tapes if

the children are to hear music in those child-care centres.

#### AUDITOR-GENERAL'S REPORTS

##### Report No. 55 of 2003-04

**The SPEAKER**—I present the Auditor-General's audit report No. 55 of 2003-04 entitled *Management of protective security*.

Ordered that the report be printed.

#### PAPERS

**Mr ABBOTT** (Warringah—Leader of the House) (3.23 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*.

#### MATTERS OF PUBLIC IMPORTANCE

##### Howard Government: Advertising

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

The Government's record expenditure on taxpayer-funded political advertising and its neglect of basic services for the Australian people.

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 LATHAM** (Werriwa—Leader of the Opposition) (3.23 p.m.)—It is not that hard to tell when a government has run out of time, when it has run out of puff and when it has run out of value for the Australian people. It is when a government basically gives up on itself. It gives up on being positive, it gives up on good public policy, it gives up on progressing the public debate, it gives up on being a good government and it starts to abuse the system. That is when you know a government has run out of puff and has run

out of time—it starts to abuse the system. The biggest abuse of all is the scandal of taxpayer funded political advertising. It is when a government says that its policies and its record can no longer stand in their own right and the government can no longer stand in its own right; it needs to be propped up by a massive public relations campaign at taxpayers' expense.

In this country we used to have a system where governments would try to make policy announcements to help people. They would try to make their policy announcements to advance the public good. Now we have a government that makes policy announcements solely so that it can run extra advertising campaigns. It is a perverse way in which to conduct itself in public administration. This government knows that it has failed to support Medicare and it knows that it has failed to support the rate of bulk-billing around Australia that has collapsed so badly, so it is trying to advertise its way out of trouble. The government knows that bulk-billing rates have collapsed, so it is trying to advertise its way out of trouble—all at massive taxpayers' expense.

In 1995, the member for Bennelong promised new standards on the question of taxpayer funded advertising. But, as with so many areas, eight years later he has abandoned all his standards in a last-minute, desperate attempt to try to cling to power. The Auditor-General has made these guidelines very clear in advice to the government and the parliament that government advertising should be limited to statements of fact—a pretty simple proposition. Government advertising should be limited to statements of fact, it should not contain political content and imagery, and it should target information to people who actually need it. It is hard to see how the government ads meet any of these criteria. There are few facts in the advertisements that we see every night, time

after time, on our TV screens, in the material coming through the post and in the material in newspapers at massive taxpayer expense. It is hard to see the facts that are presented, but there sure is a lot of imagery—not imagery designed to help the Australian people but imagery designed to assist the Liberal Party of Australia.

If that is not enough, we are about to get another round of fridge magnets. If people thought you did not have enough Medicare ads on TV, you did not have enough material coming through the postbox and you did not have enough material in newspapers, the Attorney-General has said, 'Be alert but not alarmed; we're about to get another round of fridge magnets.' That is how this government hope to defend the nation—through fridge magnets. Not for them a coastguard; not for them effective maritime policing for the world's largest island continent. Not for them a cop on the beat 24 hours a day, seven days a week. No, fridge magnets. Not for the Howard government defending the home front by upgrading regional airport security—a point that has been made by the opposition time after time—in airports like Burnie and Devonport that need screening devices for passengers and luggage. No, not for this government effective protection of the home front but rather another round of advertising and fridge magnets. Not for this government upgrading our port security—no, another advertising campaign in the lead-up to the federal election in the second half of this year.

This is the shame and the scandal of this campaign. This money could have been spent on basic services for the benefit of the Australian people. It could have actually done some good for our nation. It could have been used for a fair dinkum, genuine public purpose. The money that we are seeing is going into junk politics delivered through junk mail, junking our services as a nation.

This government has on our screens or in the pipeline \$123 million of our money—taxpayers' money—for political advertising. That is \$123 million that could have provided an extra 2,000 nurses in our public hospital system. Imagine the good of an extra 2,000 nurses working day by day in our public hospital system or the good of spending \$123 million of public money on an extra 2,000 teachers in our schools—teachers who could raise up the flag on the flagpole but also teach our students about the things they need in life to get a good education and to get through TAFE and university in their post secondary years.

Imagine the good that could have come from spending \$123 million of public money on an extra 4.8 million bulk-billed consultations. The bulk-billing rate has fallen to less than 70 per cent. We could have turned it around using that \$123 million of public funds. Imagine the public good that could have come from spending that \$123 million of public money on more than 3,000 extra aged care places. Imagine the good that could have come from having more than 500,000 extra dental procedures to help our senior citizens, the people who have served our nation well in the past and who now sit on long waiting lists, waiting for one of the basics of life, just waiting to get their teeth fixed up. This government says that it is a state responsibility. It is a national responsibility. If this government had used the \$123 million, that responsibility could have been discharged in large part.

So the Australian people see these ads, but they also see a desperate government that will not stand before the Australian people in their own right to say, 'Here are our policies; here is our record. Judge them on their merits.' No, it is a government that knows that the judgment would be harsh, so it is trying to prop itself up through publicly funded advertising. It is a scandalous abuse of the



system that goes against everything the Prime Minister said eight years ago about the need for new standards in Australian public life.

There is another sign of when a government is out of time and ready to go. There is another sign that tells you that a government is out of puff, out of time and ready to go. It gives up on being positive. It gives up on being constructive. It gives up on doing things for people—the real things that make a difference in the daily lives of the Australian people. It is a government that turns to the old politics of fear and smear, and that of course is where the Howard government has gone.

We are finishing a fortnight's sitting in the budget session, but can anyone remember or name one positive thing the government has spoken about in question time over the past fortnight? Name just one positive idea, policy or advance for the benefit of the Australian people. They cannot name one, because it is a government that has given up on being positive, a government that has given up on even trying to do things for the benefit of the Australian people. It is a government that has turned to the old politics of fear and smear. It is the old Tory tactic of trying to plant the seeds of uncertainty and insecurity in the minds and in the daily discourse of the Australian nation. The government has given up on being positive. It has given up on progress for the Australian people. It is part of that miserable existence on the right-wing side of politics. It is the miserable existence of the Tories, who say, 'Let's go for the politics of fear and smear instead of the politics of hope and opportunity for the Australian people.'

If you want to look into the mind of the Prime Minister, you always get a good guide on a Monday in the *Australian Financial Review*, where his alter ego and close ally Michael Baume sets out chapter and verse

the Liberal Party tactics. What sort of party has a spokesperson and advocate who, as he did last Monday, puts together an article entitled 'PM puts energy into fear factor: John Howard will hold the marginals by frightening voters'? Michael Baume said:

The tactic is clear—even last week's release of the government's energy policy has been conscripted into the re-election strategy of frightening voters in swinging seats ...

What about a government that actually puts its energy into helping people? What about a government that puts its energy, campaigns and public money into helping the Australian people, doing good things for our nation, instead of using the lowest and most miserable tactic in public life: the politics of fear and smear? It is a government that has run out of time. It is a government that has run out of ideas. It is a government that has run out of anything positive to say to the Australian people. It is a government that should go. It is a government that should go and give way to a Labor administration that has the energy to do some positive things for the Australian people. Labor has the energy to create a national dental program for the benefit of the 500,000 Australians, most of them elderly, waiting on dental lists just to get their teeth fixed up. It has the energy to save bulk-billing. It has the energy this nation needs to do something about youth unemployment in those regions where it is above 30 per cent and is just staying there, stuck above 30 per cent.

Labor has the energy and ideas this nation needs to provide access and affordability in our education system—a system of universities that students can actually afford and a system of TAFE that has the expansion of an extra 20,000 places for the benefit of our students. The Howard government should give way to a government that believes in a needs based school funding system and that has the energy and ideas to say, 'We can do a

lot better for the school students of this nation.' Let us give them the needs based funding system so that every parent in this country, when they look at the neighbourhood school down the road, be it government or non-government, has the guarantee that it is going to be a well-resourced school that can get results for their children. That is the confidence and the assurance that parents right around the country want.

This is a government that should give way to a Labor administration that has the energy and ideas to care about early childhood development. If you want one signal of the things that have gone wrong—the cynicism, the scepticism and the negativity of the Howard administration—get a videotape of question time today, where, time after time, Howard government ministers, led by the member for Warringah, laughed about children. Why would the member for Warringah laugh about children and think that it is funny to talk about the need for a ban on junk food advertising to address the crisis of childhood obesity? He is doing it now; the grin is on his face. He thinks it is funny. He thinks children are funny. The idea of helping children is nothing more than an amusement to this cynical, negative minister who knows nothing more in his public life than the politics of fear and smear.

Why do the government think it is so funny to talk about reading books to our infant children? Why do they find it nothing more than amusing to hold up public policies that make a significant difference to Australian families? It is not just the Labor Party that they find somehow amusing when we talk about children. Look at their treatment of their own. Look at their treatment today of the Minister for Education, Science and Training. When he stood up to talk about his policies for schools they were laughing behind his back, with the Treasurer saying, 'Keep going, Braveheart.' They think any-

thing that helps children in this country is nothing more than amusement. They have grown so cynical and sceptical, so negative, so out of touch with the daily challenges of Australian parents that they think it is funny if someone tries to help parents by banning junk food ads. They think it is funny when someone tries to help parents by providing books and literacy programs so that they can read to their infant children at night. Even when their own minister, in his own hopeless way, talks about helping children, they think it is funny. The government are far out of touch, far distant from one of the basics of public life—that is, doing good things to help our infant children.

Australia needs a new administration. It needs a new government. It needs new, positive plans. It needs the energy and the ideas and the basic compassion to get things done for this nation. In the Labor Party we are advancing these policies. The Australian people know they are genuine commitments. Labor are willing to take the hard decisions to fully fund our policies. Budgets are about choices, and the truth is that we cannot fund everything. We cannot reverse every cut-back; we cannot restore the many services abandoned by this government. We need to set priorities to make choices, and some of them are hard choices. That is what Labor have done this week with the PBS. It was a hard decision, but it needed to be made.

In my budget reply speech a month ago at the beginning of this parliamentary session, I outlined Labor's budget pledge to the Australian people, and I meant every single word of it. A Labor government will deliver budget surpluses every year in the next term of parliament. A Labor government will reduce net debt and cut tax and expenditure as a proportion of GDP. Our budget pledge will put downward pressure on interest rates. We built the modern Australian economy and we plan to keep it in good nick. We built the

modern Australian economy and we will keep it in good shape through economic incentive, support for small business, good budget management plus doing something that the Howard government refuses to do: investing in the skills of our people. We will make education and training investments for the future. That is the Labor way. We believe in social investment, yes, but also in making savings in the government budget, cutting waste and mismanagement at the centre of government and getting the services and resources out to the communities and the families on the edge.

The Australian people cannot wait to get rid of this government that has grown so negative and cynical about the good deeds that need to be done for our nation. I want to see a government that cares about the Australian people, that puts the rungs back into the ladder of opportunity and that gives people who work hard and try hard a real chance in life. And we are only going to get it after the next election, through the election of an Australian Labor government.

**Mr ABBOTT** (Warringah—Minister for Health and Ageing) (3.38 p.m.)—Let me say to the Leader of the Opposition and his cohorts that it is the job of parents to read to their children but it is the job of governments to get on with putting in place policies that will build a better nation. We are getting on with the job of government. We do not believe that you effectively govern this nation by running around the country striking poses on reading to kids, plastic bags and junk food advertising.

We are a government that believe in empowering the people; they are an opposition that believe in empowering governments. This government do not believe in the nanny state and we do not believe in governments which try to tell parents how to do their job. In a somewhat different context you can al-

ways tell when Christmas is coming, Mr Deputy Speaker, because state ministers of consumer affairs regularly trot out the killer toys press release. Likewise, you can always tell when an election is in the air because oppositions start complaining about the quantity of government advertising. The other thing you can always tell will happen when an election is in the air is that desperate oppositions will promise to pay for a wish list as long as your arm by saying that they will cut out waste and mismanagement at the heart of government. This idea that \$100 million worth of government advertising is somehow going to pay for the \$10 billion wish list that the Leader of the Opposition has unveiled since becoming party leader back in December is simply laughable.

The Leader of the Opposition likes to proclaim that he is into the new politics—he is not cynical, tired, jaded and stale. So we have all of this talk about cutting out junk food advertising. Of course, he is a walking advertisement for junk food but, nevertheless, he talks about cutting out junk food advertising. He talks about banning plastic bags. He talks about Mem Fox. He talks about reading books to kids. He never talks about protecting the national economy, which this government has put into such great shape over the last eight years. He never talks about preserving national security and protecting our alliance relationships, which this government has done so much for over the last eight years. Hasn't the old politics over the last couple of days come back with a vengeance! All of a sudden he needs some money; all of a sudden he has to come up with some real money to fund the wish list. The anti-advertising campaign will not fund it all, so now we have the ALP junking 25 months of hysterical opposition to the government's PBS changes and, of course, today we have the oldest of old politics: the obsession with government advertising.

What we have seen over the last six months from the Leader of the Opposition is an engagement in left-wing Hansonism. He goes to the focus groups, which are party organisers; he finds out what everyone's grizzle and gripe is; and then he strikes some pose that will in some way be able to be said to be addressing that particular gripe. But I have to say that there was a time when the Leader of the Opposition in a former life was a genuinely new politician. There was a time when the Leader of the Opposition was capable of breaking the mould. There was a time when the Leader of the Opposition was prepared to look at some of the difficult issues bedevilling our country and come up with some not often practical but nevertheless interesting answers. It took brains to tackle the issues which the Leader of the Opposition tackled between 1998 and 2000 and it took guts to say the things that the Leader of the Opposition said in that period before Mr Hyde took over from Dr Jekyll and, more recently, before he became a focus-group groupie on becoming Leader of the Opposition.

I was reminded just this morning of the days when the Leader of the Opposition was a genuinely new politician and when the Leader of the Opposition was both bold and brave. I was reminded by an article in the *Australian* by Janet Albrechtsen, who reminded us of the days when the Leader of the Opposition was capable of standing up for something worth standing up for. For instance, Janet Albrechtsen quoted this morning something from the Leader of the Opposition back in that period when he said: In my experience, the strongest supporters of the rights agenda are those who do not have to face the daily consequences of irresponsible behaviour.

The Leader of the Opposition was dead right back in those days. He continued:

They have the resources to buy themselves away from social problems, to purchase private security, private education, private health insurance and private transport. This gives them the luxury of being able to talk about human rights without the need for social responsibility.

That is what he said in the days when he really was a new politician. Now, of course, he is just an old politician chumming up to a green millionaire who lives in a \$2.5 million house in the Southern Highlands and personally endorsing him as the candidate for Kingsford Smith. I have to say that it was very magnanimous of Janet Albrechtsen, of all people, to remind us of the Leader of the Opposition's best self, given that it was none other than the Leader of the Opposition himself, when he became Mr Hyde after 2001, who described Janet Albrechtsen in the most disgraceful and repulsive terms.

This MPI is all about the Leader of the Opposition's apparent opposition to government advertising. This is all about members opposite saying, 'We are against government advertising.' I think that, when it comes to amnesia, the Leader of the Opposition has a worse case than Carmen Lawrence. The member for Fremantle has never had an attack of amnesia to rival the one that we have seen from the Leader of the Opposition this afternoon. The Leader of the Opposition has forgotten the \$100 million a year worth of government advertising that we regularly saw from the former Labor government. I want to quote none other than Senator Robert Ray, who said:

It has been the policy of all governments in recent years, be they Liberal or Labor, to use the various information programs in which to sell various things to the public. It would be ridiculous ever to suggest that one should adopt certain proposals and then never have them explained.

Robert Ray was right, and the Leader of the Opposition in his current incarnation is wrong. Then, of course, there is one of the

great mentors of the Leader of the Opposition—in fact, the Leader of the Opposition is often described as the leader of the Keating government in exile, and in recent times he has certainly adopted many of the worst characteristics of the former Labor Prime Minister. This is what the former Labor Prime Minister, Mr Keating, said of government advertising:

Consistent with that duty to keep the public informed about changes in the tax system and administration, the Australian Taxation Office has already produced television, radio, newspaper and printed material and other items on the fringe benefits substantiation and other tax reform measures.

The Leader of the Opposition well knows that this campaign against government advertising is completely bogus. He seems to have forgotten the massive advertising campaigns currently being run by his state Labor colleagues. This government in its eight years of existence has spent about \$700 million on government advertising. It is a lot of money, but then there are a lot of programs and a lot of information that needs to get out to people. The state Labor governments have spent \$700 million in the last two years. They are quite shameless about it.

Not only that, they understand that sometimes it is necessary. For instance, Premier Beattie was asked late last year on Brisbane radio about government advertising. He was asked to comment on this government's advertising program. The newsreader said, 'Premier Beattie has defended the Prime Minister's right to spend taxpayers' money promoting the changes to Medicare.' Premier Beattie said, 'I don't actually have a problem with it, in the same way that I think that, if you are announcing your programs, you should advocate that. So I do not have any criticism of the Prime Minister doing it, to be perfectly honest.' There you have a responsible Labor leader in government who is pre-

pared to tell the truth about many things, including the free trade agreement, and he has been prepared to tell the truth about the necessity, on occasions, for government advertising.

Not only has the Leader of the Opposition forgotten what Labor governments in this place did in the past, not only has he forgotten what state Labor governments are currently doing, but he seems even to have forgotten his own policy, to the extent that it exists. For instance, I have here some notes from the ALP national platform of 2004, and on page 56 it shows an advertising campaign, would you believe, on a retirement income system. Also, on page 57 of the ALP national platform of 2004 there is an advertising campaign on superannuation for women. Just the other month, on 29 April, the Leader of the Opposition himself produced a policy statement calling for an advertising campaign about mentoring. Then we have the Leader of the Opposition's active life campaign, which has been costed at \$2½ million, and his healthy eating campaign, which has been costed at \$2½ million. They are from ALP policy paper No. 14, pages 14 and 12 respectively. Even the Labor Party's leader in the Senate, Senator Faulkner, knows that government advertising is sometimes right and necessary. He said, 'You cannot bring in new policies in a vacuum.'

What we have had today from the ALP is basically fatuous nonsense. It is fatuous nonsense from a leader who knows it is fatuous nonsense, and in his former incarnation he would have been more than happy to say that it was fatuous nonsense. If the Leader of the Opposition was at all serious about trying to save taxpayers' money, if the Leader of the Opposition was at all serious about trying to ensure that government spending was spent on the sorts of programs which the Australian people wanted and the sorts of services which the Australian people deserved, he

could demonstrate it very, very simply. He could simply make one phone call to Tim Gartrell, the National Secretary of the Australian Labor Party, and say, 'Renegotiate the Centenary House lease.'

In fact, the government is just in the process of setting up a judicial inquiry. I do not know how much that is going to cost, but obviously it will cost something. I know that the previous royal commission on Centenary House cost nearly a million dollars. If he wants to save that money, he can save it today by picking up the phone to Tim Gartrell and saying to him, 'Renegotiate the contract.' Be prepared to accept what any other person would have to accept for property that they own—namely, a normal commercial market lease. The Leader of the Opposition is there trying to pretend that government advertising is in some way dishonest political propaganda. Centenary House is providing the Leader of the Opposition with about \$50,000 a week. That is precisely the amount—more or less—which is currently being spent on marginal seat campaigns in Paterson, Eden-Monaro and various other electorates.

Here is the Leader of the Opposition, standing in this House hypocritically denouncing government advertising, while at the same time he is quite happy to accept money from the taxpayer—money that is not going into information for citizens but straight into the pockets of the Australian Labor Party. It is nothing but a simple money laundering exercise, and the Leader of the Opposition is prepared to accept that money. It is dirty, tainted money, but the Leader of the Opposition tucks it to the tune of \$6,721 every single day. Every single day the tainted money goes into the Leader of the Opposition's campaign.

I want to make a couple of final points. This government has delivered better services to the Australian people. It has deliv-

ered better services because it has run a better economy. Do not look at the amount of money politicians promise to spend; look at the capacity of those politicians to run an economy that will provide the money to produce the services. Let me say this: if the Australian people are beguiled by the phoney promises of the Leader of the Opposition, they will be taking the greatest leap in the dark in Australia's political history. It will be a leap in the dark with an alternative Prime Minister almost no-one knows. (*Time expired*)

**Mr ZAHRA (McMillan) (3.53 p.m.)**—There is a massive disconnect between the Australian people and the Australian government. You have to ask yourself why it is that Australian people are telling me and other members on this side of the House that what they want is a government that is positive and that is addressing the issues that are of concern to them—schools, hospitals and doing something for infant children. This government only thinks those issues are a joke. This government thinks that those are things to laugh about in the federal parliament. They have a bit of a joke about them amongst themselves and give each other an elbow and a nudge and say, 'This is all very funny, isn't it, old boy? This is quite a laugh, quite a lark! We'll have a joke about it down at the club.' There is a simple reason for this disconnect: the Liberal Party and The Nationals are the parties of the Hooray Henrys and the privileged gits of this world. That is all they are; that is all they have ever been. They are two political parties that do not know the meaning of hard work and do not know what it is to go without. It is so evident in their attitude towards the needs and aspirations of ordinary working people.

You see the way they snigger; you see the way they laugh and smirk. They think it is funny when we talk about serious issues like vaccinations and childhood obesity and

about doing something positive for families and making sure that people have support when they have children in their lives. These things are jokes to the people in the Liberal Party and The Nationals. The reason for that is simple: this government is made up of people who have had an easy run in life. They have had an easy go of it. They do not understand the ordinary hardships of people raising families. They do not know what it is that ordinary Australians have to go through in their ordinary working lives. They have no idea. They have had an easy run through life. They are people who snigger and sneer at the hardships that ordinary Australians have to go through every single day.

Have a look at my home state; have a look at the people who have made it onto the front bench in the Howard government from Victoria. Have a listen to this list: Kevin Andrews, St Patrick's school; Fran Bailey, All Hallows' School, Brisbane; Peter Costello, Carey Baptist Grammar School; David Kemp, Scotch College; Rod Kemp, Scotch College; Kay Patterson, Sydney Church of England Girls' Grammar School; Sharman Stone, MLC Melbourne; and Judith Troeth, MLC Melbourne. Not one single one of those ministers from Victoria went to a government school. The mob from Victoria who represent the Howard government in the ministry do not represent Victoria. They do not represent the ordinary people who cope with hardships in their daily lives. They have no comprehension of that. That is just in my home state, but it is true for all the Howard government ministers. They have had an easy run in life, they do not know about hardship and they are people who sneer, snigger and make snide remarks about addressing the needs of ordinary people in our community.

**Mr Pyne**—What would you know about it?

**Mr ZAHRA**—We talk about those issues on this side of the House because we speak from our own experiences and what people tell us in our communities. When people tell us those things, we do not think it is a joke. We think it is serious and we want to do something positive for those people, make a difference in their lives and help them in raising their families and doing what they need to do to meet the needs and aspirations of their families and of the communities in which they live.

The member for Werriwa, the Leader of the Opposition, made some good points in terms of what we could do with that \$123 million that the government is using to run public relations campaigns in order to prop itself up. He made a good point about how we could fund 2,000 teachers, 2,000 nurses or 3,000 aged care places. This is what people tell us when we get out into the communities that we represent. These are the issues that people want us to address. They want us to focus on getting good schools, making hospitals work and making sure that they have the resources that they need.

If the members opposite think it is funny for someone to try and get their husband or wife into a nursing home when they are old, frail and struggling and that person has worked hard in their life in places like my electorate—filled their lungs up with asbestos and coal dust—and paid taxes their whole life, I say, 'Shame on you! Shame on you for thinking that is funny! Shame on you for ridiculing the Leader of the Opposition and me—and other people in this place—for coming into this place and talking about the issues that matter to people, like aged care places, schools and nurses, for coming in here and trying to do something so that people can get the care they deserve in their local communities!' This is just another illustration of the enormous disconnect between the needs and aspirations of the Australian



people and this mean-spirited, hard-hearted government who thinks that the issues these people have are laughable and there to be made jokes about.

The Leader of the Opposition made a good point about those big issues and what else we could do with that \$123 million. I want to mention something else that we could do with some of that money as it relates to my electorate. I know that the Leader of the Opposition has been to my electorate on a couple of occasions. He has been to the Latrobe Valley—the place that I grew up in. It is a place that has undergone a fair bit of economic and social disadvantage over the course of the last 10 years. With me, he visited an excellent program that is run in Moe, which is where my electorate office is based. It is a good program called the Good Beginnings Latrobe Valley program, and it provides a lot of really important services to families.

The Good Beginnings Latrobe Valley program operates volunteer home visiting, family support services, facilitated playgroups, peer support programs, parent education—they run it for individuals and groups—school transition programs, antenatal support for dads, a mum and baby connect program, and high-risk infant work programs. This is a vitally important service in my electorate. It helps something like 150 families every month. The Leader of the Opposition heard with me first-hand from those families, who said how important this program was in helping them when they needed that help the most—when they needed some support, some understanding from people and the opportunity to talk with other people experiencing similar problems. I know that that program has made an enormous difference in the lives of many families, often going through hardship, in the Latrobe Valley. It costs the government less than \$100,000 a year to run.

I asked a question in this parliament of the Minister for Children and Youth Affairs, Larry Anthony. I asked him if he would guarantee funding for this program beyond the end of this financial year. He missed the opportunity then to guarantee that this important program, which costs so little money to the Commonwealth, would continue. So now we have these workers who are doing so much hard work, making such a difference to people in the Latrobe Valley, who do not know whether they will have jobs beyond the end of this financial year and in the course of the next few months. It is absolutely shameful that we have a government that cannot commit to funding a program that helps so many people in the Latrobe Valley for a mere \$100,000 a year but they can come up with \$123 million to put in for public relations programs to try and assure their re-election.

*Mr Pyne interjecting—*

**Mr ZAHRA**—If the government think that is a joke—if the member for Sturt thinks that that is a laugh, and he can make some snide comments about that—then I say to them: there is a massive disconnect between what you and ordinary Australian people are saying, and you would be well advised to pay attention. The government would be well advised to listen and try and get rid of the cynicism, the small-mindedness and the hard-heartedness that they have displayed. Ordinary people in our community are telling us time and time again—they are telling me, they are telling the Leader of the Opposition, they are telling members on this side of the House—that they want an Australian government that reflects their aspirations, that reflects their needs, that provides help at the times in their lives when they really need support. They want that through programs like Good Beginnings, through doing something positive for families when people have young children, through doing something positive to help our schools, through doing



something positive to make sure that our hospitals have got the support that they need.

I would just say to the government again that for all of these years they have been spending money on these public relations programs—something like \$600 million has been spent in the term of the Howard government, and now there is this \$123 million that they are spending, basically, in the course of this year—and for all of this time the Howard government have been saying they could not find \$21 million for the Pakenham bypass. I was around when the Treasurer made that promise for the Pakenham bypass. Since then, there have been three fatalities, 26 serious injuries and 125 other injuries on that stretch of road. The government have got money for public relations campaigns, but they do not have money to make a difference in people's lives. I say to the Howard government today: you have been shown for what you are. You have been shown to be a hard-hearted, mean-spirited government, and people in Australia are waiting for you guys with baseball bats. They want to make sure that we have a government that reflects the aspirations and needs of ordinary people. When they look to a government that can do that, they look to Mark Latham and the Labor Party, and they look forward to the day when we can be on the Treasury benches and make a real difference in the lives of ordinary Australians. *(Time expired)*

**Mr PYNE** (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (4.03 p.m.)—The legendary hypocrisy of the Labor Party is on breathtaking display in this matter of public importance debate this afternoon. I listened with keen interest to the Leader of the Opposition and I was quite frightened and shocked by what he had to say—and I am sure the Australian public should be frightened as well. You always have to distrust a politician who

prefaces their remarks by saying, 'I meant every word that I said.' When the Leader of the Opposition was talking about his budget response, he had to assure the public that he was actually telling the truth in his budget-in-reply speech. When a politician stands up and says, 'I meant every word I said,' you know you have to start worrying—

*Mr Hatton interjecting—*

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—The member for Blaxland has no licence to come in here and interject!

**Mr PYNE**—about just how much truth was in the statements that he made. The Leader of the Opposition said on his matter of public importance today that a Labor government will deliver surpluses in every budget if he becomes Prime Minister—perish the thought. That is a statement that should strike fear into the heart of every Australian voter. I am sure the poor residents of Liverpool who had to exist under his mayoralty will be shuddering with fright at him assuring them that a Labor government would supply surpluses under his government, because yesterday in the *Daily Telegraph* Piers Akerman put the lie to the statements made by the Leader of the Opposition about his record as Mayor of Liverpool City Council. If it was not so serious it would be terribly funny. The Leader of the Opposition came into this House on 1 June and told the chamber that he delivered surpluses when he was the mayor of the Liverpool council and that he had reduced the overall staff when he was the mayor of Liverpool council. But what is the truth? Mr Latham said:

At my last council meeting in mid-1994, the council adopted a debt retirement strategy that, if followed, would have made it debt free in 2005.

As Piers Akerman writes:

The only reference to this mythical debt-free Liverpool is a claim that was made in a preamble to the 1994-1995 budget. Like so much of Mr

Latham's historical revisionism, it never happened.

Mr Latham also said:

Between 1991 and 1994, the council's working funds balance increased from \$770,000 to \$1.1 million—that is, its liquidity increased by 50 per cent. At the end of 1994, the budget surplus was \$1.6 million.

Piers Akerman had done his research and he found a council representative who discovered:

... accounts for June 1994 ... said the working fund of \$770,000 was incorrect. The budgeted figure for June 1994 was \$1.1 million but the actual figure was \$2.730 million deficit. That's deficit, not surplus.

Mr Latham is a man who comes into the House and says that his government is going to deliver surpluses. But you only need to look at his record as mayor of Liverpool council to see that such a statement bears no resemblance at all to the truth of what happened when he was the mayor of Liverpool council. In fact, he left the council with such a debt ridden legacy that it took four full years to get into recovery mode and on top of the Latham debt legacy. Piers Akerman pointed out:

The record shows that Liverpool Council was placed on the Local Government Department's "watch list" after it suffered hardship under Mr Latham's mayoralty.

Mr Latham also said on 1 June that the council's debt servicing ratio had fallen from 17.2 per cent to 10 per cent, 'which was half the Western Sydney average of 20 per cent'. As Piers Akerman points out:

That's not even half true. Liverpool's debt serving ratio did fall—from 16.04 per cent—but the debt servicing ratio for Western Sydney councils wasn't 20 per cent, it was, at worst, about 12.11 per cent.

Mr Latham also claimed that he had reduced the number of staff at Liverpool council in the time he had been mayor, but a table of

staff numbers supplied by the payroll officer at Liverpool council shows that staff numbers have never fallen below 400 and totalled 500 in 1994, the year that Mr Latham stood down as mayor of the Liverpool council. So the hypocrisy of the Labor Party in coming in here and trying to lecture this government about fiscal rectitude is quite remarkable.

I feel sorry in some ways for the member for McMillan that he was put up to this MPI and had to defend such a ludicrous proposition. I give him credit: he came in here and talked about a few programs in his electorate, such as the Pakenham bypass—a program in Latrobe costing small amounts of money, according to him. I would put it to the member for McMillan and to the Leader of the Opposition that these programs could easily be paid for out of Centenary House. The Labor Party, as my colleague the member for Warringah is so fond of saying, are trousering \$36 million out of the Australian taxpayer for Centenary House. The Labor Party lectured the government about what we could do with \$123 million. There is a lot they could do with the \$36 million that they are wasting, that they are trousering off the taxpayer through Centenary House. That is \$6,721 a day that the Australian Labor Party are stealing from the Australian taxpayer, and I am sure that the judicial inquiry into Centenary House will find just that.

Let us turn to more of the Labor Party's record on government information campaigns. We need look no further than the sadly failed Working Nation program. Working Nation was a billion dollar program, Mr Deputy Speaker Causley; you would well remember it. Simon Crean was the minister responsible for it. At the end of the Working Nation program there were more unemployed than there were at the beginning. That was after \$1 billion had been spent trying to wipe the lists of the unemployed in the lead-up to the election to try to save the Labor

Party. They spent \$9 million of that on a government information campaign starring Bill Hunter, who not long afterwards went into bankruptcy with debts of \$442,000. Do you know how much he was paid by the Labor Party, Mr Deputy Speaker? He was paid \$350,000 to be the star turn of the Working Nation program. He still went into bankruptcy. He probably should have learned from the Labor Party, who spent \$10 billion more than they earned in the last budget before we took over in 1996.

**Mr Lloyd**—It was probably the 17 per cent interest rates.

**Mr PYNE**—Exactly; the 17 per cent interest rates that the Labor Party presided over would not have helped him. They left us with a \$10 billion black hole when we liberated the Australian people in 1996. Over the course of the last five years of their government, they managed to add an \$80 billion debt to the Australian taxpayer. Poor Bill Hunter—I guess he was just following the example set for him by the Labor government of the time, where you could spend a great deal more than you had as long as you could borrow it. And of course that is what happened to the Liverpool council as well.

The Labor Party also had the ‘money growing on trees’ campaign, which cost \$10 million. For after the next election, if they win it, they have already announced policy and advertising campaigns about retirement incomes, superannuation for women, mentoring, active life and healthy eating. So the Labor Party do not practise what they preach. The member for Gellibrand has demanded a domestic violence campaign out of the government for the last 12 months. We have supplied a domestic violence campaign, and the member for Gellibrand has been very quiet about it. I would have thought that she would have been congratulating the government—and I assume the member for Mel-

bourne Ports is rising to congratulate the government.

**Mr Danby**—Mr Deputy Speaker, I rise on a point of order. Is it within the standing orders for the government speaker to be making reflections on individuals—such as the fine actor Mr Bill Hunter—who are not able to answer his comments?

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—There is no point of order. There is no reflection.

**Mr PYNE**—The government in its information campaigns is trying to get out to people the information that they want to know about. Let us face it: the Medicare campaign has led to a total number of phone calls yesterday—in one day—of 3,276 and a cumulative total from 23 May of 51,755 phone calls to the Medicare line. What this is telling us is that the public want to know about their entitlements. They want to know and they have a right to know what it is they can apply for, what benefits and support they can get from the government.

The government is in fact running a number of campaigns—on alcoholism, illegal drugs amongst children, quitting smoking, access to Natural Heritage Trust funds, Australian citizenship, apprenticeships and the PBS. Which of these programs do the Labor Party want us to ditch? Which of these government programs are the ones that the Labor Party say are not fair on the Australian people and that they are not entitled to hear about? The Labor Party are picking and choosing for base political motives because their hypocrisy knows no bounds. The Australian public should be terrified at the prospect of the election of a Labor government. If the record of the member for Werriwa is anything like his record as the Liverpool mayor, it will be a disgraceful disaster and blight on Australia’s history in this place and this parliament.

**The DEPUTY SPEAKER**—Order! The discussion is now concluded.

**PARLIAMENTARY RETIRING ALLOWANCES TRUST**

**Mrs DE-ANNE KELLY** (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services and Parliamentary Secretary to the Minister for Trade) (4.14 p.m.)—by leave—I move:

That, in accordance with the provisions of the *Parliamentary Contributory Superannuation Act 1948*, Mr McLeay be discharged as a trustee serving on the Parliamentary Retiring Allowances Trust, and that Mr Evans be appointed a trustee to serve on the Trust.

Question agreed to.

**CUSTOMS LEGISLATION  
AMENDMENT (AIRPORT, PORT AND  
CARGO SECURITY) BILL 2004**

**Report from Main Committee**

Bill returned from Main Committee with amendments; certified copy of the bill and schedule of amendments presented.

Ordered that this bill be considered forthwith.

*Main Committee's amendments—*

- (1) Schedule 1, item 1, page 6 (after line 9), after the heading to Division 1BA, insert:

***Subdivision A—Preliminary***

- (2) Schedule 1, item 1, page 6 (after line 15), after the definition of *ordinary search*, insert:

***prescribed State or Territory offence*** means an offence prescribed for the purposes of section 219ZJAA.

- (3) Schedule 1, item 1, page 6 (after line 17), after section 219ZJA, insert:

***219ZJAA Prescribed State or Territory offences***

- (1) The regulations may prescribe offences against the laws of a State or a Territory that are punishable on conviction

by imprisonment for a term of at least 3 years.

- (2) An offence against a law of a State or Territory must not be prescribed unless:
- (a) the Attorney-General of that State or Territory and the Minister (***Police Minister***) responsible for the administration of that State's or Territory's police force have jointly requested the Minister that the offence be prescribed for the purposes of this Division; or
  - (b) if the Attorney-General of the State or Territory is also the Police Minister of the State or Territory—the Attorney-General has requested the Minister that the offence be prescribed for the purposes of this Division.

***Subdivision B—Powers to detain***

- (4) Schedule 1, item 1, page 6 (lines 18 and 19), omit the heading to section 219ZJB, substitute:

***219ZJB Detention of person suspected of committing serious Commonwealth offence or prescribed State or Territory offence***

- (5) Schedule 1, item 1, page 6 (lines 20 to 22), omit subsection (1), substitute:

- (1) An officer may detain a person if:
- (a) the person is in a designated place; and
  - (b) the officer has reasonable grounds to suspect that the person has committed, or is committing, a serious Commonwealth offence or a prescribed State or Territory offence.

- (6) Schedule 1, item 1, page 7 (line 1), after "offence", insert "or a prescribed State or Territory offence".

- (7) Schedule 1, item 1, page 7 (line 10), after "offence", insert "or a prescribed State or Territory offence".

- (8) Schedule 1, item 1, page 7 (line 13), at the end of subparagraph (1)(c)(ii), add "or a prescribed State or Territory offence".

(9) Schedule 1, item 1, page 7 (after line 18), after section 219ZJC, insert:

*Subdivision C—Matters affecting detention generally*

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—The question is that the amendments be agreed to.

Question agreed to.

Bill, as amended, agreed to.

**Third Reading**

**Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services and Parliamentary Secretary to the Minister for Trade) (4.15 p.m.)**—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**Mr Cox**—The noes have it.

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Too late—I have concluded it.

**Mr Zahra**—The noes have it.

**The DEPUTY SPEAKER**—I am sorry, but I asked the question and there was no call for a division. The ayes have it.

**Mr Zahra**—Mr Deputy Speaker, I rise on a point of order. At the time you called for an indication from the House as to whether or not the question was agreed to, the member for Kingston and I clearly indicated that there was a need for a division. You had moved on and were rustling your papers, so I understand that you might not have heard us.

**The DEPUTY SPEAKER**—I have to disagree, because I made it very clear. I made the call and I heard no call for a division, so I declared that the ayes have it.

**TEXTILE, CLOTHING AND FOOTWEAR STRATEGIC INVESTMENT PROGRAM AMENDMENT (POST-2005 SCHEME) BILL 2004**

**Report from Main Committee**

Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy of the bill presented.

Ordered that the bill be considered at the next sitting.

**CUSTOMS TARIFF AMENDMENT (TEXTILE, CLOTHING AND FOOTWEAR POST-2005 ARRANGEMENTS) BILL 2004**

**Report from Main Committee**

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

Ordered that the bill be considered at the next sitting.

**SUPERANNUATION LEGISLATION AMENDMENT (CHOICE OF SUPERANNUATION FUNDS) BILL 2003**

**Consideration of Senate Message**

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

*Senate's amendments—*

(1) Clause 2, page 1 (lines 16 and 17), omit the clause, substitute:

**2 Commencement**

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provi- sion(s)</b>	<b>Commencement</b>	<b>Date/Detai ls</b>
1. Sec- tions 1 to 3 and any- thing in this Act not else- where covered by this table	The day on which this Act receives the Royal Assent.	
2. Sched- ule 1	1 July 2005.	1 July 2005
3. Sched- ule 2	The day on which this Act receives the Royal Assent.	

Note: This table relates only to the provisions of this Act as originally passed by the Parliament and assented to. It will not be expanded to deal with provisions inserted in this Act after assent.

- (2) Column 3 of the table contains additional information that is not part of this Act. Information in this column may be added to or edited in any published version of this Act.
- (2) Schedule 1, item 22, page 14 (lines 17 and 18), omit paragraphs 32C(2)(a) and (b), substitute:
- there is no chosen fund for the employee; and
  - the fund is an eligible choice fund for the employer; and
  - the fund complies with the requirements (if any) set out in the regulations in relation to offering insurance in respect of death.
- (3) Schedule 1, item 22, page 20 (after line 6), after subsection 32N(4), insert:
- (5) An employer must also give a standard choice form to an employee if:
- the employer is making contributions, in accordance with subsection

32C(2), to a fund for the benefit of the employee; and

- the employer changes the fund to which the employer makes contributions, in accordance with that subsection, for the benefit of the employee.

The standard choice form must be given within 28 days after the change.

- (4) Schedule 1, page 22 (after line 20), at the end of the Schedule, add:

**Superannuation Industry (Supervision) Act 1993**

**23 At the end of Part 7**

Add:

**68A Conduct relating to fund membership**

- A trustee of a regulated superannuation fund, or an associate of a trustee of a regulated superannuation fund, must not:
  - supply, or offer to supply, goods or services to a person; or
  - supply, or offer to supply, goods or services to a person at a particular price; or
  - give or allow, or offer to give or allow, a discount, allowance, rebate or credit in relation to the supply, or the proposed supply, of goods or services to a person;
 

on the condition that one or more of the employees of the person will be, or will apply or agree to be, members of the fund.
- However, subsection (1) does not apply in relation to a supply of a kind prescribed in the regulations for the purposes of this subsection.
- A trustee of a regulated superannuation fund, or an associate of a trustee of a regulated superannuation fund, must not refuse:
  - to supply, or offer to supply, goods or services to a person; or

- (b) to supply, or offer to supply, goods or services to a person at a particular price; or
- (c) to give or allow, or offer to give or allow, a discount, allowance, rebate or credit in relation to the supply, or the proposed supply, of goods or services to a person;  
for the reason that one or more of the employees of the person are not, or have not applied or agreed to be, members of the fund.
- (4) However, subsection (3) does not apply in relation to a supply of a kind prescribed in the regulations for the purposes of this subsection.  
*Civil liability*
- (5) If:
  - (a) a person (the *offender*) contravenes subsection (1) or (3); and
  - (b) another person (the *victim*) suffers loss or damage because of the contravention;  
the victim may recover the amount of the loss or damage by action against the offender.
- (6) The action must be begun within 6 years after the day on which the cause of action arose.
- (7) This section does not affect any liability that the offender or another person has under any other provision of this Act or under any other law.
- (5) Page 22 (after line 21), at the end of the bill, add:

***Schedule 2—Extension of definition of dependant***

**Income Tax Assessment Act 1936**

**1 Subsection 27A(1) (definition of *dependant*)**

Repeal the definition, substitute:

*dependant*, in relation to a person (the *first person*), includes:

- (a) in subparagraph (3)(a)(ii), subsections (5), (5C) and (7) and paragraph (12)(a):
  - (i) any spouse or former spouse of the first person; and
  - (ii) any child of the first person; and
- (b) in any other case:
  - (i) any spouse or former spouse of the first person; and
  - (ii) any child, aged less than 18 years, of the first person; and
  - (iii) any person with whom the first person has an interdependency relationship.

**2 Subsection 27A(1)**

Insert:

*interdependency relationship* has the meaning given by section 27AAB.

**3 After section 27AAA**

Insert:

***27AAB Interdependency relationship***

- (1) Subject to subsection (3), for the purposes of this Subdivision, 2 persons (whether or not related by family) have an *interdependency relationship* if:
  - (a) they have a close personal relationship; and
  - (b) they live together; and
  - (c) one or each of them provides the other with financial support; and
  - (d) one or each of them provides the other with domestic support and personal care.
- (2) Subject to subsection (3), for the purposes of this Subdivision, if:
  - (a) 2 persons (whether or not related by family) satisfy the requirement of paragraph (1)(a); and
  - (b) they do not satisfy the other requirements of an interdependency relationship under subsection (1); and
  - (c) the reason they do not satisfy the other requirements is that either or

both of them suffer from a physical, intellectual or psychiatric disability; they have an *interdependency relationship*.

- (3) The regulations may specify:
- (a) matters that are, or are not, to be taken into account in determining under subsection (1) or (2) whether 2 persons have an *interdependency relationship*; and
  - (b) circumstances in which 2 persons have, or do not have, an *interdependency relationship*.

#### **Retirement Savings Accounts Act 1997**

##### **4 Section 16**

Insert:

*interdependency relationship* has the meaning given by section 20A.

##### **5 Subsection 20(1)**

Omit “and any child of the person”, substitute “of the person, any child of the person and any person with whom the person has an interdependency relationship”.

##### **6 After section 20**

Insert:

#### **20A *Interdependency relationship***

- (1) Subject to subsection (3), for the purposes of this Act, 2 persons (whether or not related by family) have an *interdependency relationship* if:
  - (a) they have a close personal relationship; and
  - (b) they live together; and
  - (c) one or each of them provides the other with financial support; and
  - (d) one or each of them provides the other with domestic support and personal care.
- (2) Subject to subsection (3), for the purposes of this Act, if:
  - (a) 2 persons (whether or not related by family) satisfy the requirement of paragraph (1)(a); and

- (b) they do not satisfy the other requirements of an interdependency relationship under subsection (1); and
- (c) the reason they do not satisfy the other requirements is that either or both of them suffer from a physical, intellectual or psychiatric disability; they have an *interdependency relationship*.

- (3) The regulations may specify:

- (a) matters that are, or are not, to be taken into account in determining under subsection (1) or (2) whether 2 persons have an *interdependency relationship*; and
- (b) circumstances in which 2 persons have, or do not have, an *interdependency relationship*.

#### **Superannuation Industry (Supervision) Act 1993**

##### **7 Subsection 10(1) (definition of *dependent*)**

Omit “and any child of the person”, substitute “of the person, any child of the person and any person with whom the person has an interdependency relationship”.

##### **8 Subsection 10(1)**

Insert:

*interdependency relationship* has the meaning given by section 10A.

##### **9 After section 10**

Insert:

#### **10A *Interdependency relationship***

- (1) Subject to subsection (3), for the purposes of this Act, 2 persons (whether or not related by family) have an *interdependency relationship* if:
  - (a) they have a close personal relationship; and
  - (b) they live together; and
  - (c) one or each of them provides the other with financial support; and



- (d) one or each of them provides the other with domestic support and personal care.
- (2) Subject to subsection (3), for the purposes of this Act, if:
  - (a) 2 persons (whether or not related by family) satisfy the requirement of paragraph (1)(a); and
  - (b) they do not satisfy the other requirements of an interdependency relationship under subsection (1); and
  - (c) the reason they do not satisfy the other requirements is that either or both of them suffer from a physical, intellectual or psychiatric disability; they have an *interdependency relationship*.
- (3) The regulations may specify:
  - (a) matters that are, or are not, to be taken into account in determining under subsection (1) or (2) whether 2 persons have an *interdependency relationship*; and
  - (b) circumstances in which 2 persons have, or do not have, an *interdependency relationship*.

#### 10 Application

- (1) The amendments made by items 1 to 3 of this Schedule apply to eligible termination payments made after the commencement of those items.
- (2) The amendments made by items 4 to 9 of this Schedule apply to the doing of things after the commencement of those items.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (4.18 p.m.)—I move:

That the amendments be agreed to.

It is a pleasure to address the *Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2003*. Superannuation choice of funds is a long anticipated measure. The introduction of compulsory super-

annuation was one of the great achievements of the Keating administration—perhaps even the greatest—and future generations must always be grateful for the fact that we began systematically making provision for the retirement of Australians by setting aside a proportion of their income during their period of work to improve their quality of life in their non-working retirement years.

However, while a significant step forward, the system was imperfect in its architecture. One of its imperfections, either by omission or because of an instinctive preference to protect the position of the trade union movement—though now is not the time for that argument—was that the scheme made no provision to allow workers to choose their own fund. This was a significant defect in the architecture of the superannuation regime. One of the consequences of that defect was that it discouraged Australians from feeling a real and personal connection with their superannuation savings. It encouraged what might be called the ‘set and forget’ mentality and produced a general apathy among Australians towards their retirement savings and retirement goals.

We now have something like nine million Australians in the work force but 23 million superannuation accounts and something like \$7 billion sitting in the unclaimed moneys section of Treasury’s responsibilities, because people have worked for perhaps a few days or a few weeks in casual employment and have generated a superannuation obligation for their employer and have moved on to their next job but the money has not been able to move with them. This bill corrects that defect.

I will briefly explain the Senate’s amendments. In relation to amendments (2) and (3)—the choice of fund requirements—where an employee does not choose a fund, an employer must choose an eligible choice

fund to make contributions on behalf of that employee. The amendments will require the employer to choose an eligible choice fund that satisfies the requirements to offer life insurance as prescribed in the regulations. An employer will have to provide a new standard choice form to their employees if they change the fund they contribute to on behalf of their employees.

Amendment (4) deals with conduct relating to fund membership. The amendment inserts a new subsection into the Superannuation Industry (Supervision) Regulations 1993 to prohibit a trustee of a regulated superannuation fund or an associate of a trustee fund from providing or withholding benefits to a person on the basis that one or more of their employees is a member of the superannuation fund. Amendments (1) and (5) relate to the extension of the definition of the word 'dependant'.

Schedule 2 of the bill amends the definition of 'dependant' in the Income Tax Assessment Act, the Superannuation Industry (Supervision) Act and the Retirement Savings Accounts Act to include people in an 'interdependency relationship'. The amendments will prescribe that interdependency will exist where two people have a close personal relationship, where they live together and where one or both provides financial support, domestic support and personal care. An exception is also provided where, due to a disability, people who have a close personal relationship but are unable to meet the other criteria will still fall within the definition of a 'dependant'.

These amendments enable death benefits superannuation payments to be received tax free by a wide range of people. Regulations will also be allowed, to assist in the application and interpretation of these provisions. These amendments commence upon royal assent. Item 1 of this schedule also amends

the definition of 'dependant' in the Income Tax Assessment Act to improve its readability. This is a stylistic change and does not change the meaning of the definition. Australians want choice. Australians deserve choice. This bill delivers choice. I commend the bill to the House.

**Mr ORGAN (Cunningham)** (4.23 p.m.)—The Greens cannot support the [Superannuation Legislation Amendment \(Choice of Superannuation Funds\) Bill 2003](#), as amended. The government's agreement with the Democrats to support this bill includes the provision of \$2 million for a consumer information centre, the prohibition of kickbacks for employers or unions, five-year monitoring of fees and charges and a five-person advisory committee to formulate an education campaign. This is in addition to the protocols for superannuation and managed fund products which the government released late last week. In the *Australian* on 17 June, Australian Retirement Fund chief executive, Ian Silke, said of these protocols that the disclosure model 'does not constitute a satisfactory consumer protection model'.

The government has included the same-sex and interdependent partner super changes in this choice bill. It is interesting that this was part of the deal made between the government and the Democrats but, for some reason, was not announced in media statements recently. Perhaps the government is, for some reason, hiding something, or is not willing to tell the electorate that it has come to a deal with the Democrats to recognize same-sex marriage. Who knows? The deal opens up \$230 billion in funds held by industry, corporate and public sector funds. These are funds that have been off limits to retail managers, including the big finance companies such as AMP, AXA and the big banks.

The Greens do not support the promotion of private superannuation as a substitute for

privatising retirement, nor the government withdrawing from its obligations and rolling back the entitlement to an aged pension, which is the aim of the policy of the major parties. However, we recognise that superannuation can play a role in assisting people to save for their retirement and, given the compulsory nature of superannuation, it is critical that people's funds are fully protected. That includes consumer protection. This bill does not go far enough in this regard.

The Greens support allowing people to choose where to invest their superannuation funds. We particularly support ethical investment—people using their personal funds to help direct better environmental and social outcomes. However, the compulsory nature of superannuation means that special rules need to apply. The shortcomings of the deal between the government and the Democrats include the fact that it still permits exit fees. This can restrict the opportunity to make a subsequent choice to shift funds. Also, there is no requirement to show the long-term cost of fees so that people can compare funds.

We should note the recent reports on the poor quality of financial planning advice in Australia and the extent of commissions or soft payments—for example, holidays for recommending certain products—along with the low level of financial literacy. The opposition has stated that the fee disclosure model is inadequate. High entry fees and exit fees should be banned. Commission based selling is still permitted. Obviously, a number of groups have criticised the deal. Philippa Smith, chief executive of the Association of Superannuation Funds of Australia, says that more safeguards are needed. In the *Sydney Morning Herald* on 22 June she said:

Unless consumers can understand and compare the price tag of superannuation products, informed choice and effective competition are not likely to occur. Indeed, the average costs to consumers could increase.

In the same article, Catherine Wolthuizen, finance policy officer at the Australian Consumers Association, said that more protection is needed:

There are clear and substantial risks if the choice framework does not contain strong consumer protection measures.

The government should not be tying this bill to the same-sex changes contained in schedule 2. This is a tactic that the government has employed time after time—tying contentious measures to those supported across the board.

The Greens have campaigned for many years for same-sex partners to be accorded the same rights and legal recognition as heterosexual partners. The government has finally agreed to this after years of resistance. We note, though, the government's objectionable plans for outlawing the right of same-sex partners to marry. So we wonder about the sincerity of the government's recent conversion on superannuation rights. The Greens support these amendments, but the government could have introduced them in a bill that had Senate-wide and party-wide support. The government need not have tied them to this bill. There are other superannuation bills that could have dealt with this. The Greens cannot support this bill, because the arrangements negotiated by the Democrats with the government do not provide enough protection to consumers.

**Mr COX (Kingston) (4.28 p.m.)**—In the Labor Party's view, 'unsafe' is the best description of the so-called deal reached by the government and the Democrats on the **Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2003**. The government-Democrats version of choice amounts to deregulation of the retail distribution of superannuation. In limited circumstances, this will allow some individual consumers to choose a superannuation

fund. Currently, investment choice is available within a fund, often with an ethical option. This deal does nothing to encourage ethical investment.

Superannuation is a complex, compulsory, long-term investment that is critical to the futures of most Australians, who have thousands of dollars invested in the system. Deregulation requires a consumer to choose a fund, based on inadequate disclosure in a 60- to 80-page document, without appropriate additional protections in place and combined with low levels of financial literacy. This so-called choice is extremely dangerous for consumers. This deal is unsafe because the government-Democrats fee disclosure model is totally inadequate. It does not provide simple, concise and understandable long-term disclosure of fees. Instead, it provides percentage figures that are difficult to understand, buried in 60- to 80-page disclosure documents.

High entry and exit fees remain in place and can be expected to spread. Such fees should be banned because they restrict portability. Commission based selling is still permitted. Commissions should be restricted because they create a conflict of interest where the seller's interest may prevail over that of the consumer and also erode retirement savings. Small business will be further burdened with red tape and administrative costs and exposed to legal liability because they may be required to pay superannuation into multiple funds—for example, 20 employees contributing to 20 different funds. The government, Democrats and Investment and Financial Services Association all claim that these choice measures will result in lower fees. If consumers need to seek additional advice, they will pay more, not less. This was the experience in the UK when the Thatcher conservative government introduced so-called choice.

On the other aspect of this bill, the extension of the definition of a dependant, it is with some relief that the opposition accepts that some progress has been made in providing a degree of assurance for same-sex couples in relation to their superannuation entitlements. It is not the ideal model, but it is progress. We have attempted to move same-sex superannuation amendments in both places and have been thwarted by the government. On the last occasion that I moved one in this House, when the same amendment was put in the Senate it was in fact the Democrats who did a deal with the government to vote it down, which was enormously disappointing. But today we have some progress and we have some recognition of superannuation entitlements of same-sex couples. That has to be a good thing. It is their money, and they are entitled to have some assurance that it is used for their dependants.

Question put:

That the amendments be agreed to.

The House divided. [4.36 p.m.]

(The Deputy Speaker—Mr Jenkins)

Ayes.....	82
Noes.....	57
Majority.....	25

#### 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.	Charles, R.E.
Ciobo, S.M.	Cobb, J.K.
Costello, P.H.	Downer, A.J.G.
Draper, P.	Dutton, P.C.
Elson, K.S.	Entsch, W.G.
Farmer, P.F.	Gallus, C.A.
Gambaro, T.	Gash, J.
Georgiou, P.	Haase, B.W.

Hardgrave, G.D.  
 Hawker, D.P.M.  
 Hull, K.E.  
 Johnson, M.A.  
 Katter, R.C.  
 Kelly, J.M.  
 King, P.E.  
 Lindsay, P.J.  
 Macfarlane, I.E.  
 McArthur, S. \*  
 Moylan, J. E.  
 Nelson, B.J.  
 Panopoulos, S.  
 Prosser, G.D.  
 Randall, D.J.  
 Schultz, A.  
 Secker, P.D.  
 Smith, A.D.H.  
 Southcott, A.J.  
 Thompson, C.P.  
 Tollner, D.W.  
 Tuckey, C.W.  
 Vale, D.S.  
 Washer, M.J.  
 Windsor, A.H.C.

Hartsuyker, L.  
 Hockey, J.B.  
 Hunt, G.A.  
 Jull, D.F.  
 Kelly, D.M.  
 Kemp, D.A.  
 Ley, S.P.  
 Lloyd, J.E.  
 May, M.A.  
 McGauran, P.J.  
 Nairn, G. R.  
 Neville, P.C. \*  
 Pearce, C.J.  
 Pyne, C.  
 Ruddock, P.M.  
 Scott, B.C.  
 Slipper, P.N.  
 Somlyay, A.M.  
 Stone, S.N.  
 Ticehurst, K.V.  
 Truss, W.E.  
 Vaile, M.A.J.  
 Wakelin, B.H.  
 Williams, D.R.  
 Worth, P.M.

Smith, S.F.  
 Swan, W.M.  
 Vamvakinou, M.  
 Zahra, C.J.

Snowdon, W.E.  
 Thomson, K.J.  
 Wilkie, K.

\* denotes teller

Question agreed to.

**ASSENT**

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

- Customs Tariff Amendment (Fuels) Bill 2004
- Excise Tariff Amendment (Fuels) Bill 2004
- Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004
- Age Discrimination Bill 2004
- Postal Services Legislation Amendment Bill 2004
- Australian Federal Police and Other Legislation Amendment Bill 2004

**US FREE TRADE AGREEMENT IMPLEMENTATION BILL 2004**

Cognate bill:

**US FREE TRADE AGREEMENT IMPLEMENTATION (CUSTOMS TARIFF) BILL 2004**

**Second Reading**

Debate resumed.

**The DEPUTY SPEAKER (Mr Jenkins)**—The original question was that this bill be now read a second time. To this the honourable member for Rankin has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

**Mr BAIRD (Cook)** (4.45 p.m.)—As I said previously, the **US Free Trade Agreement Implementation Bill 2004** and the **US Free Trade Agreement Implementation (Customs Tariff) Bill 2004** are great landmark bills going through the House. The free trade agreement is very significant and will cer-

**NOES**

Adams, D.G.H.  
 Bevis, A.R.  
 Burke, A.E.  
 Corcoran, A.K.  
 Crean, S.F.  
 Danby, M. \*  
 Emerson, C.A.  
 Ferguson, L.D.T.  
 Fitzgibbon, J.A.  
 Gibbons, S.W.  
 Grierson, S.J.  
 Hall, J.G.  
 Hoare, K.J.  
 Jackson, S.M.  
 King, C.F.  
 Livermore, K.F.  
 McClelland, R.B.  
 McMullan, R.F.  
 Mossfield, F.W.  
 O’Byrne, M.A.  
 O’Connor, G.M.  
 Plibersek, T.  
 Quick, H.V. \*  
 Roxon, N.L.  
 Sawford, R.W.

Albanese, A.N.  
 Brereton, L.J.  
 Byrne, A.M.  
 Cox, D.A.  
 Crosio, J.A.  
 Edwards, G.J.  
 Evans, M.J.  
 Ferguson, M.J.  
 George, J.  
 Gillard, J.E.  
 Griffin, A.P.  
 Hatton, M.J.  
 Irwin, J.  
 Kerr, D.J.C.  
 Lawrence, C.M.  
 Macklin, J.L.  
 McLeay, L.B.  
 Melham, D.  
 Murphy, J. P.  
 O’Connor, B.P.  
 Organ, M.  
 Price, L.R.S.  
 Ripoll, B.F.  
 Rudd, K.M.  
 Sidebottom, P.S.

tainly provide enormous benefits to the people of Australia: some 40,000 jobs, worth some \$58 billion to the Australian economy over 20 years. In 2015, at its peak, it will be worth \$6.5 billion a year. This was estimated by the modelling that was carried out by the Centre for International Economics, and certainly highlights the importance of the agreement. Of course, it reflects the good relationship that this government and the people of Australia have with the United States and our long-held traditions together. In fact, the congress has singled out this bill to give it recognition. It is the only free trade agreement likely to be approved before the presidential election.

The United States is a significant market. The United States economy represents 34 per cent of world GDP. With 300 million people, it does present great opportunities. Australia's market there, in terms of two-way trade between Australia and the US, is worth some \$41.3 billion. Total investment in Australia is \$66.5 billion and Australian investment in the USA is \$65.4 billion. So, whichever way we measure it, it is a significant deal, and the government should be congratulated on what they have achieved through this agreement. Certainly it shows the government's commitment to follow this deal through. They successfully negotiated the free trade agreement with Singapore and after that with Thailand, creating more jobs, improving our balance of payments and, of course, creating real opportunities for the future.

Unfortunately, the opposition have been very tardy in their support. We understand that yesterday's series of backflips with the US free trade agreement was part of it. They had previously said all types of terrible things about it, and we heard the member for Rankin going through the issues that he saw as being of concern—the generic drugs issue, for example. He said there were problems in having them approved. I have had official

confirmation in the meantime from the Department of Health and Ageing—this is the official advice—that there will be no impediment at all to the approval of generic drugs.

With respect to the comments that we are anti-Australian in our approach, I am not sure on what grounds that is. We had various actors who said they were concerned about the contents rule that relates to Australian television production. That has been preserved. The Australian film industry has been preserved, and the lobbying that I received before from the film industry has certainly ceased as they recognised that their interests are being preserved.

The opposition talked about the exclusion of sugar. Of course, as has been clearly outlined, the government was disappointed by that. But, given all the circumstances, the other areas of the agreement have been excellent. And of course there is the constant mention of Ross Garnaut, as if we cannot remember that Ross Garnaut was economic adviser to the previous Prime Minister.

It was interesting today, also, to hear from the Minister for Trade that, when polled, 60 per cent of the Australian community supported the US free trade agreement, which is contrary to some of the comments made by the member for Rankin, who said that there was a lack of community support. The 40,000 new jobs will be significant in terms of this agreement.

The member for Rankin also talked about the opposition preferring a multilateral approach, and yet the breakdown of the talks in Cancun and the dominance of the G20, who were trying to establish their role in the negotiations, indicated to a number of developed countries that it would be better to negotiate bilateral arrangements. And of course this agreement with the United States provides a framework for future trade agree-

ments, especially as we look to an economic cooperation agreement with the strong economy of China.

So the benefits to Australia will be across a broad spectrum, from agriculture to tourism, from mining to cut flowers and from education to heavy industry. In the agricultural products area, two-thirds of all US agricultural tariffs will be eliminated immediately following the initiation of the agreement: the removal of tariffs on lambs, sheepmeat and a multitude of horticultural products such as mandarins, oranges, tomatoes, cut flowers and nuts. There is also a further nine per cent of agricultural tariffs to be eliminated within four years—a total removal of 75 per cent of all US agricultural tariffs within four years of the agreement's commencement.

In relation to beef, the existing beef quota will be increased by 70,000 tonnes, almost 20 per cent, over 18 years. That also is a significant move forward. It makes us more competitive in relation to imports from Brazil and Argentina and in our competition against Canadian and Mexican products that are already receiving special treatment under the US's free trade agreements with those countries. Increased dairy product quota values represent a first-year increase of 110 per cent over 2003 exports, with future increases above 105 million being expected in following years.

The tuna agreement was great news to the south coast of New South Wales and also in South Australia. The agreement will trigger the immediate removal of a 35 per cent tariff on canned tuna, allowing Australian tuna duty-free access to the \$A878 million US market. With respect to processed foods, tariffs on fruit juices and baby foods, for example, will be reduced to zero within four years. Exports of wool and wool products will benefit greatly from the reduction of all

tariffs to zero over 11 years, with niche markets of industry importance, such as greasy wool, reduced to that within four years. In the Australian wine industry we currently sell over 1,000 bottles of Australian wine internationally every minute. The sales of Australian wine to the US market are already worth over \$1 billion.

With respect to non-agricultural products, from day one more than 97 per cent of US tariff lines on non-agricultural products will be completely dropped, and that goes for the metals and minerals, seafood, automobile, paper and chemical industries. Aluminium industry exports are expected to be worth some \$134 million. We will be able to sell the great Australian ute directly to the US. The current 25 per cent tariff on light commercial vehicles will be removed immediately, allowing Holdens and Fords to go straight to the market. We already have over 20 per cent of the market in countries such as the United Arab Emirates and Saudi Arabia, and this is going to be a great plus for us. The automotive industry has recorded sales of over 16.1 million. This market was worth \$254 million to Australia producers in 2003.

Other benefits include Australian procurement, and we will see great purchases by the US federal government, worth some \$200 billion. We will be allowed to share in that. Access will be provided for Australian companies. We will get enhanced legal protections that guarantee improved market access and non-discriminatory treatment for Australian service providers. We will get mutual recognition of qualifications, allowing the expansion of the export of Australian education programs to the US directly, as well as to other regional nations looking to conduct business within the US. Intellectual property rights will be preserved. Intellectual property rights relating to trade of service are guaranteed under this agreement.



US investment in Australia will provide greater access and ease of investment, providing nearly 30 per cent of total foreign investment in Australia. This is important. In relation to Australian foreign investment, 43 per cent of all Australian foreign investment is in the US as well. Future liberalisation is guaranteed by this. The critical elements of Australian public policy remain intact. Public Service regulation, the Pharmaceutical Benefits Scheme, the right to examine foreign investment schemes, our Export Market Development Grants Scheme, local content for Australian broadcasting, audiovisual services, and single desk arrangements, including those for sugar, rice, wheat and barley, will continue. There will be no weakening of our commitment to multilateral trade.

We believe that this agreement provides us access to the huge market economy of the US, providing some 34 per cent of the world GDP. It is going to provide some 40,000 jobs to Australian companies. Over the life of the contract, it will provide some \$48 billion worth of exports and, at its peak, it will provide \$6.5 billion a year. This is a very significant agreement and one of which the government should be rightly proud. I commend these outstanding bills to the House. *(Time expired)*

**Mr CREAN (Hotham) (4.55 p.m.)**—The **US Free Trade Agreement Implementation Bill 2004** and the **US Free Trade Agreement Implementation (Customs Tariff) Bill 2004** are important bills before the chamber today, but what is more important is to ensure that the parliament gets its response to them right. Labor is not opposed at this point to the free trade agreement with the United States, but we are not convinced that the assertions just repeated by the member for Cook actually bear out. If they do not bear out, if the national interest is not being served in the way in which he asserted—indeed, if the national interest is being

eroded—then not only do the Australian people deserve to know but we need to consider how amendments or corrections in relation to those concerns can be addressed.

The truth is that this legislation is premature, and it is premature not because there has been an agreement struck with the United States but because the parliament has established a process to determine the benefits or otherwise to this country—a process agreed to by both sides of parliament and which has not yet concluded. This legislation today is pre-emptive and premature. The government is pushing these bills through the House, when the Senate Select Committee on the Free Trade Agreement between Australia and the United States of America—a committee agreed to be conducted by both sides of the parliament—has not yet reported. It is due to report by the end of next month or at the beginning of August. It is no different from the parliamentary process in the United States. It is a process for scrutiny, analysis and voting. But what does the government do in this chamber? It brings on the vote before the process is concluded. That is our concern.

It may well be that the benefits that are talked of do exist. But the sorts of assertions made by the member for Cook have been discredited to some great extent in the Senate inquiry process. Professor Garnaut, whom the member for Cook simply wants to dismiss because he happened to work at some stage for Prime Minister Hawke, said that the economic modelling upon which the government relied did not pass the laugh test. I think when someone who has done analysis and who comes and presents evidence before a parliamentary committee inquiry says something like that, we should take some notice. Maybe he is wrong but, if he is right and the government's assertions in relation to this deal do not stack up, Australia could be the worse off for it.



This legislation came into this chamber not 60 minutes after the Joint Standing Committee on Treaties reported on the agreement. That was another mechanism put in place to report to the House. Within an hour of that committee reporting, in which a number of people said that they wanted more time for the Senate process to conclude, the government said: 'Ignore that. We'll bring the legislation on immediately.' This is a government calling for a vote before all the review processes have been adequately considered. It is, in effect, a political stunt. There has not been a careful and measured approach in considering the national interest, which Labor always said should be the test for this agreement. It is grandstanding in the lead-up to an election. I said before that the United States still have not concluded their deliberations, and we all know they have an election coming up too. If it is good enough for the United States to subject it to proper scrutiny and to a course of action, why not Australia? Why not do it here in this parliament as well?

It is not just the process of bringing this legislation before the parliament that is flawed; the process that the government adopted in relation to this agreement has been flawed from the beginning. If you are going to get these things up you need to try and get bipartisan support, because of the many different facets involved. This government rejected Labor's open and bipartisan approach to trying to get agreement in relation to this FTA.

When work began on the trade agreement, Labor sought to be part of the discussion and play a constructive and bipartisan role. The US trade representative who has carriage of this, Mr Bob Zoellick, publicly commented in March 2001 that he hoped that the agreement could be approached in a bipartisan way. Labor had its trade spokesman meet with Mr Zoellick and Mr Vaile to explore the

bipartisan approach further. When I was opposition leader I met with Mr Zoellick in 2002. But the promise of the bipartisan approach has never been acted upon by the Howard government. As soon as the negotiations began, the government stopped any bipartisan cooperation. They said they supported the words, but they did not follow them up with the actions. They cut Labor out of the negotiations.

We said from the beginning in relation to this agreement that the test that had to be met was twofold. First of all, the agreement had to be comprehensive. It had to be consistent with the international approach that we had been adopting—the multilateral approach to openness in our trading circumstances. That was the first test. Yes, the agreement should be bilateral, but it had to be consistent with further opening-up in terms of the multilateral circumstances and the multilateral framework. The second test was that it had to be good for the country. It had to be in our national interest. If it was in the national interest then Labor would support it. That is what we have said from day one. We were prepared to be bipartisan in approach and involved in the process and negotiations, but, in the end, we would vote for it if it was good for the country and if what it did was consistent with advancing our interests in the WTO rounds.

But this deal leaves many issues unresolved. It is why the parliament called for a Senate committee—a process which even the Americans are pursuing. There are mechanisms available to deal with the valid concerns that get raised without rejecting the whole agreement or entering into significant renegotiations. What the government should be doing is siding with Labor and ensuring that unresolved questions are thoroughly considered in the parliamentary review processes. If there are concerns, let us try to address them. It is not a question of throwing

the baby out with the bathwater; it is a case of genuine scrutiny and analysis. If there are problems, let us try and deal with them. Let us try and get agreement about them.

This FTA contains unresolved concerns in relation to the Pharmaceutical Benefits Scheme. We need to be sure that the so-called independent review, the mechanism for the Pharmaceutical Benefits Advisory Council, will not undermine this vital Pharmaceutical Benefits Scheme. The government needs to clarify the nature of the review. There is no good in the member for Cook coming in and asserting that there is no problem. There are many problems, and people who have come along and presented evidence before the Senate committee have pointed to them. We need proper clarification on those points. The Australian people do. What is wrong with getting it? This is not a block; this is some genuine scrutiny in an attempt to preserve the PBS.

We also need to be sure that the procompetitive role of the generic drugs sector is not threatened. The member for Cook again says that this issue is clarified. But, when patents expire, generic drug producers can enter the market. That is the importance of it. That brings the prices down and it helps to keep the cost of the PBS down. So this is important for us as a nation in terms of keeping control of the cost of the PBS. But the patent holders can stop this by continual litigation. It is a process called evergreening and it is a major problem in Canada. What we want the government to do is ensure that the agreement does not provide for evergreening. If we are going to let the generics in, and if that is a good thing and we say that by agreement, then do not undermine the agreement by letting this evergreening occur in the courts. That is what we are saying. We want some undertakings in that regard.

Our concern in relation to the Pharmaceutical Benefits Scheme is the same on the international front as it is on the domestic front. We have to balance the imperative to put the PBS on a sustainable footing, one that we can afford over time as the demands on it grow, while ensuring that we meet the needs of Australian families. That is why, after two years of putting forward constructive proposals to reduce the cost of the PBS, including a further proposal that we put to the government as recently as two weeks ago, Labor took a decision that, in the event of the government rejecting our solutions, we would pass the PBS bill. The choice facing families is clear. If re-elected, the Howard-Costello government would put up the PBS by 30 per cent and then some. If elected, Labor would put in place our reforms, which the government has refused to countenance and refused to respond to. We would put in place those reforms which will allow us to better meet the needs of Australian families without the Howard-Costello 30 per cent solution. Our concerns with the PBS in this FTA are the same. We do not want the free trade agreement to undermine the PBS by simply creating a mechanism which slugs our families.

It is very interesting that this agreement also contains a most favoured nation clause on investment and services, but it does not include a most favoured nation clause on agriculture. Why not? If it is possible to negotiate one for the services and investment sector with the United States, why not one for agriculture? I will give you an example of why this is important. You know the sugar farmers were duded in this agreement. They got no improved access. But after we signed off with no deal for the sugar growers, in December last year the US then negotiated an agreement with Central American nations—CAFTA. This provided access for them into the US sugar market. The special

relationship John Howard has in being able to pick up the phone to George Bush did not work. But if we had negotiated a most favoured nation provision—such that if the US gave another country a better go we are entitled to come in on it—then our sugar farmers would have benefited.

Why is it that we have a most favoured nation provision on investment and services but not on agriculture? The Nationals should hang their heads in shame in allowing this agreement, particularly in the absence of such a provision. We can still seek a side letter for Australia to ensure most favoured nation status across all sectors, and that is what we should be doing. We should be doing it for our farmers—it is a better deal. They have a dud deal in many respects and they should be getting more. We believe this approach could do that.

As proof that the Prime Minister had negotiated an incomplete deal, he rushed out to compensate the sugar families that he had duded. But there are other sectors that are also going to be adversely affected by this agreement. We believe that the government needs to consider offering adjustment packages to those sectors affected by this agreement. There are concerns about the possibility of job losses in the motor vehicles, TCF and metalworking sectors. Why are we only looking to adjustment packages, as a consequence of this agreement, for sugar farmers and not others that will be affected?

Faced with a deal that was not what the Prime Minister had hoped for after staking his reputation on that special relationship with President Bush, the Prime Minister needed a diversion. He then said it was important to get it up because it was important to secure the Australia-US alliance. What nonsense. The Prime Minister has tried to link the US alliance to this free trade agreement. He sees that Australia's commitment to

ratifying this agreement is central to the alliance, but that is clearly not the case. Free trade agreements are about market access. They are economic agreements and they need to be evaluated in economic terms. Assessment of this free trade agreement should be based solely on whether it is a good deal for Australia, its industries, its capacity to grow and its capacity to get access to those overseas markets. It has always been the test that Labor has wanted to apply to this agreement.

This FTA also needs to be seen as part of a wider trade reform strategy and consistent with further reform in the World Trade Organisation. It has always been Labor's emphasis, and it should have been the focus for this government. This is an area where Labor has made great achievements but, quite frankly, the government's achievements are poor. Labor was the party that took the hard decisions to lower trade barriers and open up the country to competition. It has led to substantial productivity gains. It was Labor that brought together the Cairns Group and took the fight to the US and the EU and, importantly, succeeded in the Uruguay Round. It is that leadership that is really needed today, but the World Trade Organisation round has stalled.

Australia does not play the leading role it used to under Labor governments. We made significant achievements in opening up these markets, and then we built that momentum by pushing for it in the region. The Keating government was absolutely pivotal in establishing APEC, laying down the most ambitious trade reform deals ever seen. The Bogor declaration was largely a result of Labor's ambitious and steadfast commitment to free trade. Again, the reforms were not selective. They were not preferential but were built upon access to all nations on a most favoured nation basis—the point I was making before. Australia's trade policy reputation

was at its peak. We were a major force for reform and it promised extraordinary benefits to both rich and poor nations alike. But it is a momentum that has stalled, and this agreement does not significantly advance it.

The government could have done more to support multilateral trade liberalisation. It should have used the strength of its position with the US to do just that. It should have put the US in the frame for securing a bilateral agreement so that we could go forward together, building momentum for the multilateral round. But whilst the Minister for Trade was devoting all his attention to the sacred cow of the free trade agreement, the government took its eye off the ball of the multilateral round. It neglected the responsibilities as leader of the Cairns Group and sidelined the ministerial meeting at Cancun. The gains that had been made before were squandered.

Trade policy is important to advance in a multilateral sense. Australia led the way for a group that was a third force. Previously, we were played at a break between the Europeans and the US and dealt out of it, but the third force, the Cairns Group, was really pivotal for opening up the trade policy and opportunities for further advancement and further market access. That is the sort of special relationship that we should have built on with our association with the United States. That is why we say that this has to be judged by the test of whether it is good for Australia and what it does in advancing openness in trade and better access for our markets in a world trading environment not a limited trading environment. Look at the opportunities in China. Look at the growth markets around the country. Why restrict the approach simply to the United States?

The member for Rankin has identified at greater length our other concerns with this agreement. We say: let us resolve them. We can resolve them with goodwill, but we want

the process concluded in the Senate. We want the process of scrutiny and analysis to determine whether this agreement meets the test of what is good for this country. If it is good for this country Labor will pass it. But we should not be rushing through now, headlong and without the proper scrutiny. The government should not treat the parliament like this. It should allow the scrutiny and then come back and make the decision as to what is in the national interest. That is the way we advance the country, and that is what Labor will do.

**Dr SOUTHCOTT (Boothby) (5.15 p.m.)**—The agreement was reached in early February this year. The draft text has been available since March. The national interest analysis has been available since March and it shows the legislation which is required to bring the agreement into force. It is worth posing the question: how long will it take until we hear whether the Australian Labor Party will vote for this or vote it down? It is okay to say, 'We need more time,' but perhaps in looking at the legislation they might have actually addressed the question of whether there is any piece of legislation which says anything different to the NIA. There is not. I doubt the Labor Party have even bothered to look.

First of all, it is a disgrace that the Shadow Treasurer, a member of the House of Representatives, which is the House where government is formed, has absolved himself of his responsibilities—washed his hands—and said it needs to be decided in the Senate. It is an absolute disgrace—an abdication of responsibility. If this legislation does not pass, the Labor Party will need to explain to beef farmers why we will not get increased access for beef to the United States, which is there in the agreement. They will need to explain to the lamb industry, the sheep industry and so on why we will have given away the increased access for sheepmeat. They will need

to explain to the dairy industry—cheese makers and so on—why we will have given up the tripling of access to the United States dairy market.

They will need to explain to the automotive, metals, minerals, seafood, paper and chemicals industries why we will have given up what we have gained for these industries in this agreement. They will have to explain why Australian businesses will not be able to gain access to the \$200 billion federal government procurement market in the United States. They will need to explain why Australia could be subject to a global safeguard action taken by the United States under the WTO section 201 legislation. Some of the cases that we have seen in recent times involve Howe Leather, the lamb industry and, potentially, steel. If we ratify the agreement then there is a provision whereby as long as Australia is not the cause of damage to the domestic industry in the United States the US President will have the discretion to exempt Australia from section 201. The Labor Party will need to explain to the wine industry why Australia should not get the same access that competitors of Australia like Chile and South Africa now have in the United States. There will be free trade in wine if the agreement is passed, and the United States is now Australia's biggest market. The Labor Party will need to explain why we would give up a framework to progress the issue of mutual recognition of professional services and the movement of businesspeople. There is a lot on the up side.

But if I understand the Labor Party's argument, the central proposition seems to be this: in looking at the negotiation, had Labor been negotiating it we would have got much more access and we would not have given a thing away. That is not credible. The base proposition seems to be that we should have got 100 per cent of what we wanted and given away zero. That is just not credible. It

is not possible in a negotiation. I have mentioned all the areas where there is a benefit. To gain more access than that in a negotiation you have to show what we would be prepared to give up. The things that the United States negotiators were interested in included the Pharmaceutical Benefits Scheme, the local content rule in the audiovisual sector, quarantine measures and our intellectual property regime. Having looked at the agreement, taken over 200 submissions and participated in 11 days of public hearings right around the country, I am convinced that the balance here is right and that we do actually retain the integrity of the Pharmaceutical Benefits Scheme.

On the Pharmaceutical Benefits Scheme, the committee's report—and this part of the report was unanimous—says the following things. Mr Stephen Deady, the chief negotiator, said in evidence before the committee:

The fundamentals of the PBS—the pricing and listing arrangements—were something that we were not prepared to negotiate on, but there were aspects of transparency and process that we were prepared to talk about.

Dr Ruth Lopert, of the Department of Health and Ageing, pointed out that there is currently no review mechanism for the Pharmaceutical Benefits Advisory Committee. There is nothing. If an application before the PBAC is refused then you either reapply or, in extreme circumstances, you do as Pfizer once did when they took the PBAC to the Federal Court. This is a review mechanism—that is all. It is looking at the PBAC, not price. The PBAC deals with listing. The PBPA—the pricing authority—deals with pricing. This does not deal with the price of pharmaceuticals.

The report said—and again, there was no dissent from this from Labor members:

... the Committee heard no compelling evidence that would convince it of the linkage between the Agreement and any price rise.

The important thing to say about this review mechanism is that Australia will shape it. We will shape it consistent with our commitment under this agreement. There will be widespread consultation—and that consultation has already begun. Dr Ruth Lopert, from the Department of Health and Ageing, said:

... a number of stakeholders have already been consulted ... We have held stakeholder briefings in which representatives of other organisations have put forward very strong and carefully thought through views on how they see the review mechanism should be implemented and we are continuing to canvass these opinions with a view to arriving at an implementation of the review mechanism which reflects the interest of the key stakeholders.

Dr Lopert went on to say, 'A paper will be developed and circulated for further comment from a broader range of interests.' In conclusion, in relation to pharmaceuticals, the committee said—and again there was no dissent from opposition members; this was drafted together:

The Committee understands that Australia will shape the review process subject to the commitments outlined in this chapter.

I want to move on to some of the other evidence we heard. The previous speaker, the member for Hotham, spoke a little bit about sugar. The evidence before the committee was that sugar was in CAFTA—that is right—and that there had been a negative reaction to that in the US Congress. The opinion of the negotiators was that they were very disappointed that we did not gain increased access in sugar. Everyone was disappointed. Ian Ballantyne, of the Australian Canegrowers Council, said before the committee:

... the exclusion of sugar should not prevent Australia from making its decision to enter the agreement ... We would not like to see a positive outcome for the country overturned because of lack of sugar.

Mr White, of Queensland Sugar, said:

Our position is exactly the same as that of the industry on that point.

Mr White went on a bit later to say:

... while the industry was disappointed, at no stage ... did we expect or anticipate that the trading arrangements that may be ratified between Australia and the United States would be overturned because of the lack of sugar's involvement.

... ..

Having said that, we certainly would not take the position: sugar out, all out. I wish to reiterate that point.

The free trade agreement has been out in public since February. Before that there were six rounds of negotiation. The draft text has been available since March, and the NIA has been available since March. Perhaps after all this time we could get a lead on which way the Labor Party is leaning—towards ratification or towards voting against it. Come on! We know what this is. This is an excuse. But ultimately the Labor Party will have to vote for the free trade agreement with the United States, because the weight of evidence is in favour of ratification. The Premier of Queensland, Peter Beattie, said:

I believe that the AUSFTA—

that is, the Australia-US free trade agreement—

will deliver important benefits to Queensland and Australia.

The South Australian state Labor government considers that the Australian-US free trade agreement will 'provide substantial benefits to the South Australian economy and community'. On that, the groups involved in business who support ratification without delay include Alcoa, the Australian Dairy Industry Council, Medicines Australia, the Australian Information Industry Association, Meat and Livestock Australia, the Peanut Company of Australia, the Ford Motor

Co. of Australia, Baxter Healthcare, the Business Council of Australia, the Australian Chamber of Commerce and Industry, the Minerals Council of Australia, the Federal Chamber of Automotive Industries, the Australian Medical Association, Holden, the Australian Wine and Brandy Corporation, the National Farmers Federation, the Wine-makers Federation of Australia, Horticulture Australia, the Australian Stock Exchange, the Tuna Boat Owners Association, the Distilled Spirits Industry Council of Australia, the Australian Meat Industry Council, the AUSTA Business Group as headed by Alan Oxley, CPA Australia and the South Australian Farmers Federation.

The groups that are saying, 'Do not ratify,' are well known. They include the ACTU. The ACTU came before the committee with a submission saying, 'This agreement is terrible, and here are 10 or 12 reasons why.' It is just not credible to have such an unbalanced view. They had nothing good to say about it all. We heard from Doug Cameron of the AMWU. His views are well known. They could be factored in. We heard the same from Dee Margetts.

I want to touch on the issue of generics. The previous speaker, the shadow Treasurer, raised the issue of evergreening. It is a serious issue, and we would not like to see evergreening in Australia. It was raised in evidence. In paragraph 16.94, the committee concluded:

The Committee accepts however that the situation in Australia will be different due to our different legal and regulatory environment ...

We also heard from Stephen Deady, who said:

We certainly were very conscious in the IP—

that is, intellectual property—

negotiations to ensure that, regarding any commitments we entered into in the patents area in relation to the marketing approval processes for

generic drugs, this would not in any way damage the generics industry in Australia and feed into delays that could impact on the Pharmaceutical Benefits Scheme.

On the list of bills that we are considering, there is no bill to implement the independent review mechanism for the PBAC. The reason is that it can be done under existing legislation. So this massive change that we have heard has the potential to undermine the PBS does not require any change in legislation. Those two points are contradictory. What it means is that this is a review mechanism. A review mechanism of itself does not lead to increased prices. It is simply something fair. In conclusion, I support the bills, I support the agreement and I hope that the Australian Labor Party will ultimately be able to vote in favour of the free trade agreement with the United States.

**Mr RUDD (Griffith) (5.30 p.m.)**—On the parliamentary consideration of the free trade agreement with the United States there is a single policy question which I would put to the Australian government as this debate begins. That question is: why is the government introducing the [US Free Trade Agreement Implementation Bill 2004](#) and the [US Free Trade Agreement Implementation \(Customs Tariff\) Bill 2004](#) now when, firstly, within the next few weeks we will know the outcome of the US congressional consideration of the FTA and, secondly, within the same period of time we will know the outcome of the Australian Senate committee inquiry into the economic, social and environmental impact of the FTA for Australia?

A precondition for good public policy is a properly informed debate. I would have thought that knowing the outcome of the US congressional consideration of the FTA would be important in informing the debate here in Australia. I also would have thought that knowing the outcome of a Senate inquiry tasked with analysing the breadth of

the impact of the FTA in Australia would also play an important role in properly informing the debate here in Australia.

The Prime Minister's challenge to the opposition in parliament—yesterday, I think—was: 'Get on with it.' But if he wants us to get on with it, which was the Prime Minister's injunction to us, why is it that his own senators spent an entire month denying quorum to the Senate inquiry, during the month of April, so that an inquiry set up in February this year did not have its first public hearings until 4 May—that is, only six weeks ago? And the Prime Minister tells us to get on with it. The government has an army of public servants crawling all over the FTA. We in the opposition do not have that available to us. We rely in large part on the data collated by the Senate in its deliberations on this matter, and we are informed also by the 533 submissions made to that inquiry from organisations ranging from the AMWU to the NFF.

For the nation this is an important public debate about a most important piece of public policy which impacts on the range of Australia's economic, trade, investment, social and environmental policies. It represents a large part of the bilateral transaction between Australia and our American ally this last 18 months. It impacts also on Australia's trade policy credentials and the great debate between bilateralism and WTO based multilateralism in pursuit of our common policy purpose of global trade liberalisation. Does bilateralism complement or conflict with the objectives of the Doha Round? Global trade liberalisation enhances not only this economy; it also enhances and enables much of the developing world to trade its way out of poverty, as in fact this country was able to do a century ago through proper access to international markets.

As I asked at the beginning of this debate, what is the policy reason for the government bringing this on now, when they know that both the United States Congress and the Australian Senate inquiry would have concluded their deliberations by the middle of July? The truth is that there is no policy reason for this, but there is a political reason—a totally political reason—which is that, for this government, so much of their international policy agenda is the continuation of domestic electoral politics by other means, whether it is in relation to foreign policy, whether it is in relation to foreign economic policy or whether it is in relation to international security policy.

The government is obsessed with what the government defines as anti-Americanism, parroted in this place each day by the worst Minister for Foreign Affairs that this country has seen in a generation or more. It has everything to do with key lines and themes for an election. It has nothing to do with a rational debate about foreign policy alternatives and nothing to do with the facts. But, then again, the facts have never been a priority for this particular foreign minister. What we have on a regular basis from the dispatch box is low-rent vaudeville and occasionally high school debating society hyperbole, but never a debate on the facts, never a debate on the merits and never a debate on the substance of foreign policy argument.

Our view of America is that America is an overwhelming force for good in the world. That has been the case for more than half a century, from the darkest days of the last world war when America acted to defend Australia, Britain and Europe from totalitarianism and the darkest days of the Cold War when America stood firm with Berlin during the airlift and with Europe during the Marshall Plan—making European democracy, prosperity and unity a possibility today—right through to the reconstruction of post-



war Japan and its political transformation as well. In the post-1975 period, the economic and political transformation of much of the rest of East Asia was underpinned by the stabilising strategic presence of the US in East Asia and the west Pacific and by the openness of American markets to East Asian exports.

These are no small achievements; they are, in fact, great achievements in the full spectrum of history. They do not mean that American policy has been without failure. There have been plenty of failures. Parts of Latin America and Indochina demonstrate this as well as the disagreement that much of the world has had with America over the invasion of Iraq. But these should be placed in context. That context is a superpower which, in the full sweep of history, has been—as I said before—an overwhelming force for good in the world. The world would have been a radically different place were it not for America's contribution.

Unlike many of my colleagues, I am not a member of the Chester A. Arthur Society and I do not share their total obsession with the entrails of US domestic politics. But when you look at the lives, the work and the words of US presidents like Franklin Delano Roosevelt, you cannot help but be inspired, whether it was by Roosevelt's New Deal to respond to the human horror, despair and tragedy of the Depression; whether it was by Roosevelt's great speech on the arsenal of democracy; or whether it was by Roosevelt's work on the embryonic architecture of the postwar international order—the Bretton Woods machinery as well as the United Nations. FDR was no saint—no-one in politics is—but, following the failure of American internationalism after 1919, he dreamt of a new American internationalism anchored in universal values of democracy, justice and security, which brings us to the security alliance with Australia and the second John

Howard charge against his political opponents.

In the context of this debate on the FTA, it is worth looking with some cool reflection at the actual—not imagined—history of this alliance. Labor began this alliance in 1941 when Labor Prime Minister Curtin looked to the United States without pang or regret when it came to this country's traditional reliance on the United Kingdom. This was a radical step in the context of the times—namely, 150 years of British dependency; 150 years in which the foreign policy and defence policy of the Australian colonies and the Australian Commonwealth were seen as a subset of imperial foreign policy and imperial defence policy. Remember Churchill's great promise in the depths of World War II about Fortress Singapore, the British promises about the sending of the British fleet and also Churchill's strategy of fighting the war in Europe first and in Asia second? John Curtin, the Labor Prime Minister of Australia, said no. He turned to America and withdrew Australian troops from the Middle East to fight with American troops in Asia. We take pride in our role in founding this alliance with the United States of America back in 1941. It was an alliance formalised by the conservatives a decade later under the ANZUS treaty.

But it is not just the military alliance which we played a significant role historically in forming; it is also the intelligence relationship. In 1946 an agreement was signed between the then Labor Chifley government and other governments, including the government of the United States, which forms today the architectural foundation upon which the intelligence-sharing relationships between our countries are conducted. Why were we concerned about all of this? We were concerned because intelligence then, as now, was crucial to national security. These days, several generations later, it is

even more relevant than ever. The intelligence-sharing relationship with America is important for us because of our concern with terrorism not just globally but also regionally, most particularly in Islamic South-East Asia. That is why we on this side of the parliament proudly stood with those opposite after September 11 and committed this country to war in Afghanistan. It was part of the war against terrorism to remove al-Qaeda—those responsible for the horrific attacks on September 11. That for us remains front and centre as the front line in the fight against terrorism.

The great mythology of the Australia-United States alliance is that it is the political property of the Liberal Party or, even worse, the personal property of the Prime Minister, Mr Howard. It is not. This alliance, in all its dimensions, is the product of the work of 12 American presidents, both Republican and Democrat, and 12 Australian Prime Ministers, both Labor and Liberal, and we on our side of the House began this process more than half a century ago. The other great mythology is that this relationship with the United States has been a recipe for universal agreement with US administrations on national security policy on matters of direct relevance to Australia's national interest. Once again, this is wrong.

Again, it is important when we embrace this debate on the future of the economic relationship to note what has happened in the past under conservative governments. We look at the history and we find that, in fact, when Menzies was Prime Minister there were many areas of fundamental national security policy disagreement with the United States. West New Guinea stands out as a classic case in point—the question of retaining the Netherlands as the governing power in West New Guinea or the absorption of West New Guinea into the Indonesian republic. This was a matter of great national secu-

rity policy significance in this country and this parliament in the early 1960s, and through the 1950s as well. It led to considerable disagreement between the then Menzies government and the then US administration. It is important to place this on the historical record. Pemberton's history is worth recording. He says:

Spender, the then Australian ambassador, urged the US to intervene in the negotiations between Indonesia and the Netherlands in order to encourage Dutch resistance to Indonesia's claims but his representations fell on deaf ears in Washington. The US quickly adopted a public position of neutrality in order to minimise the harm which the issue may do to the United States' relations with the three powers most directly concerned. For the US Joint Chiefs of Staff, neutrality went as far as indifference as to who controlled West New Guinea so long as it was a nation friendly to the US, yet in view of the US determination to retain Indonesia's friendship—by no means an easy task given the anti-Western mood prevalent in Asia—it was recognised that the dispute “may develop into a serious point of difference” with Australia.

The point of referring to that is this was a major matter of national security policy relevance here in our own region, our own neighbourhood and our own backyard. There was a huge difference between the Menzies government and the then US administration. The US administration chose not to intervene on Australia's behalf.

The same also applies to confrontation between Malaysia and Indonesia, again in the 1960s, over the proposed absorption of British North Borneo into Malaysia. Here I quote from an important work written by the former Secretary of the Department of Foreign Affairs and Trade, Dick Woolcott. He said:

Australia sought support for keeping West New Guinea out of Indonesia, even under Sukarno. We failed and had to change our policy. External affairs minister, Garfield Barwick, suggested publicly that a threat to our forces in Sabah and Sarawak during Indonesia's confrontation against

Malaysia in 1964 was a reason to invoke ANZUS. Barwick argued that the ANZUS Treaty specifically covered attacks on Australian military personnel, aircraft or ships in the Pacific area and that the island of Borneo was in the Pacific area.

Woolcott goes on:

He was correct but under the treaty a government—

in this case the United States—

acts in accordance with its constitutional processes. The Americans are uncomfortable with Barwick's public references to ANZUS and, furthermore, the Americans made it quite clear that this was not a conflict in which they were to become engaged, demonstrating that an alliance is effective only to the extent that it reflects a common purpose.

There you have Australia involved in confrontation with Indonesia in the early 1960s over the future of Sabah and Sarawak, and we have, once again, an important case study of a fundamental conflict between the Menzies government and the then US administration.

If we turn to the Menzies child—that is, John Winston Howard—the problem has also seen itself manifested in the late 1990s, with the Prime Minister's then call for American 'boots on the ground' in East Timor. He said this and referred to this in a press statement of 10 September 1999, but we find statements in the *Australian Financial Review* at the time which say that the United States had ruled out any immediate plans to send ground troops to support an international peacekeeping effort in East Timor, despite Australia's requests for assistance. September 1999 is quite recent.

The purpose of these historical examples is to place on record the history of this alliance relationship, which shows that it has always been capable of sustaining disagreements—between Liberal governments in the past and US administrations and also between the Labor Party and US administra-

tions—be those disagreements over Vietnam or be they over Iraq. There is nothing remarkable about disagreement, even on major foreign policy questions which affect our interests here in our own region, our own neighbourhood and our own backyard. The key question is to keep these disagreements in context.

This brings me to the third argument the Prime Minister has been advancing in relation to the FTA. Here the government goes dangerously close to doing something no previous Australian government has done—namely, linking directly our security relationship with our economic relationship and implying that agreement on one automatically requires agreement on the other. In the past, foreign minister Downer has not agreed with this approach. In the early period of his foreign ministership, Mr Downer made the following statement in Washington: 'We have not traditionally linked security and trade directly, because they are quite different issues.' When we look at what the trade minister, Mr Vaile, had to say yesterday, it is quite interesting in terms of the change in tone. He said, 'They also recognise that by pursuing this bilateral negotiation'—referring to the FTA—'we are elevating the economic relationship to the level of a security relationship.'

Our view very simply is this: consistent with what has been bipartisan policy between Labor and the conservatives in this country for more than a generation, our security relationship with the United States should always be considered separately from our economic relationship with the United States—whether that economic relationship is governed by an FTA or not. As we approach the great debate which is about to unfold in this place and in another place on the future of this draft free trade agreement, it will be important to have this free trade agreement scrutinised purely in terms of its

economic impact on this country overall and, furthermore, in terms of its impact on specific sectors of this economy. In addition, we will be scrutinising carefully the impact on key aspects of social policy, not the least of which will be the Pharmaceutical Benefits Scheme. It is quite wrong for anyone on the government side to seek to link those two baskets. These are important matters in their own economic, social policy and environmental right. Therefore, as the debate unfolds in the period ahead, that is precisely the way in which this debate should be conducted.

It is a pity that, as this matter is taken through the House of Representatives, we do not have at our disposal the findings of the Senate inquiry. It is a pity that we do not have at our disposal the conclusions of congressional consideration of this matter in Washington—only a few weeks away. If these matters were before us, we would be in a position to have an informed debate about the macroeconomic impact of the proposed agreement across the entire Australian economy. Currently we have between three and four fundamentally conflicting estimates of its impact, from a range of experts commissioned across the country. The estimates range from a large impact to a modest impact, a large advantage to a modest advantage to some disadvantage.

When it came to the individual sectors of great sensitivity to those of us on this side of the parliament, we would be able to have a rational and focused debate, based on the facts, on the detail, on the sectoral applications and on what sort of impact the agreement would have on Australian working families across this country. So, as we approach the weeks ahead, because this is a matter of high policy and it requires a considered debate, let us proceed on a basis which takes the facts first, leaves the political hyperbole to one side and leaves the government's domestic political agenda about

anti-Americanism, the alliance and those sorts of matters to one side. Let us with reason examine the matters which are before us, because the implications for the next generation of Australians in getting this decision right require that we conduct the debate in those terms. (*Time expired*)

**Mr TUCKEY (O'Connor)** (5.50 p.m.)—

At the beginning and at the end of the member for Griffith's speech, he delivered a great commentary on how the next—if ever—Labor government would operate. His argument to this House today is, 'Why don't we just let the American congress decide and we might just be lucky enough—from Labor's perspective—to have them knock it back.' Then, in typical style, Labor need do nothing. That is his plea, and of course his other plea is that we have to let that other house, which a one-time Labor Prime Minister referred to as 'unrepresentative swill', be the sole determiner of the views of this parliament.

The previous speaker, the member for Hotham, kept telling us that it was the parliament that appointed the Senate committee inquiring into the free trade agreement between Australia and the United States. No, 'the unrepresentative swill', to use the terminology of one-time Prime Minister Keating, appointed the committee. The committee that the parliament appointed was the one chaired by the member for Boothby, who has tabled a report and has read some sections to us and given us a most amazing piece of information, which is that the [US Free Trade Agreement Implementation Bill 2004](#) and the [US Free Trade Agreement Implementation \(Customs Tariff\) Bill 2004](#), which we are supposed to be debating here, do not include anything to do with the PBS, because in fact the review mechanism does not require such a piece of legislation. So, despite all this repetitive exercise of 'the PBS, the PBS, the PBS', it is no more part of this legislation

than Papua New Guinea—which, I might add, seemed to get more coverage from the member for Griffith than the details of the bill.

We got a wonderful history lesson from the member for Griffith. I am an admirer of Curtin—I think he was a great leader—but I am not sure what he has got to do with this free trade agreement, although I might add that trade in his life was a lot freer than it has been more recently. We had the highest or second highest standard of living in the world then. It tended to decline once people abandoned the view of free trade in the Australian economy.

But the member for Griffith spent four minutes on his introductory remarks on the bill. He then—surprise, surprise!—thought he had better throw some insults at the foreign minister, which were unnecessary. Even he is prepared to admit that this debate is one of high policy—probably one of the most important that will be discussed throughout the three years of this parliament—and all he wanted to do was have a little dig at the Minister for Foreign Affairs. Then he ran off on a wonderful historical treatise. If this was a university lecture room, I could have seen the reason for it, but in terms of this debate and what it means to the Australian people he said nothing.

The clear message from the two speeches made today, one by the opposition treasury spokesman and one by the opposition foreign affairs spokesman, was, ‘Can we just keep our heads down? We’ll say nothing. We won’t refer outside the PBS to any part of the great initiatives and benefits or, if you like, to where the benefits could have been better. We’ll just keep our heads down. We’ll plead to let the congress of the United States get us off the hook. We’ll plead for the Senate inquiry.’

I said in this place yesterday of the Senate inquiry that I do not know why they call witnesses. I do not know why they go through the farce of all those processes. What they should do, having been appointed to the committee, is all go home and write their report, because up there all their minds are made up before the actual evidence is taken. It is just a process of trying to get out there and stir things up. It is like getting petitions. Petitions have never influenced anybody in this place. They are used by members of parliament to enrage the community. And that is what a Senate inquiry is about, because of course the majority vote up there typically opposes anything that the government of the day tries to do.

So I thought to myself, ‘That’s pretty good.’ But both the member for Hotham and the member for Griffith tried to rewrite a bit of history. I think it was the member for Griffith who told us that it was the Hawke government that created APEC. I do not think that is incorrect, but he did not add that the trading entity of the Asian region is ASEAN, and throughout the Hawke government they were never invited to attend. What is more, up until very recently nor was the Howard government. Why has that changed? I cannot give you a reason, but I can give you some facts.

It is the most amazing thing—and the member for Griffith put a powerful case for multilateralism along with bilateralism, a process which we are totally committed to, as evidenced by the way we hung in there and now chair the Cairns Group, which admittedly commenced under the Hawke government—but since it has been clear that Australia has negotiated a free trade agreement with the United States, and notwithstanding that we were told by every expert, including, I think, Ross Garnaut, that to do that would enrage the nations of Asia, guess what has happened? Australia has been in-

vited into ASEAN, the trade negotiating entity which neither the Hawke government nor, previously, the Howard government could get invited to. In other words, this very agreement has not reduced our chances for more trade agreements within the Asia region; it has enhanced them. We have been invited into what is the Cairns Group of Asia, if I can use that analogy. So that has been a little step of progress.

Imagine the circumstances proposed to this House by the member for Hotham and the member for Griffith—that we should wait for the US Congress. If they pass it, what would we look like if we knocked it back? If we severely and sincerely want this deal—as this government does—surely a positive vote from this parliament is going to enhance our prospects in the US Congress. Of course we should conclude the matter before it goes over there.

There is a well published list of what we would lose if either the US Congress did not agree with the decisions of its executive or the same applied here. We would be denying Australian farmers significant market access. We would leave Australian exporters of autos, metals, minerals, seafood, paper and chemicals—to name just a few—at a competitive disadvantage against other suppliers from Canada, Mexico, Chile, Singapore and other countries that have signed up.

This is not just a case of having to deal in the American market. Were we to knock this opportunity back, we would be disadvantaged in that marketplace by all the others who saw the benefits and have ratified already. We would strand Australian businesses looking to crack the \$200 billion federal government procurement market in the United States and, as the minister advised us the other day, I think some 27 individual states—about half the total number—have

also agreed to give us access. What might that mean?

**Mr Fitzgibbon**—What about their access to our market?

**Mr TUCKEY**—Of course, they have got it. We have never prevented them from having it. We do not have those sorts of special deals federally where we give preference to local providers. But now we are going to get that opportunity in America. The *Australian* newspaper today tells us that American hospitals are going to start buying, as a matter of policy, syringes with retractable needles. In fact, it suggests that one of our companies that have got high level technology in this regard are likely to be involved. How much better is it going to be for our biotechnology companies to become involved in supplying that market because we have got a free trade agreement and a guaranteed access? Who buys these needles typically? State governments in America and the federal government buy them, because they run the hospitals. That is a market that is opening up at the moment. A decision has been made in America that it is time that their hospitals use retractable needles, for the very obvious reason of preventing needle stick injury et cetera.

Failure would expose our exporters to US global safeguard action under the WTO. Under the FTA the impact of Australian imports would be assessed as a matter of course by the US. It would abandon Australia's access to the most liberal agreement on services and investment the US has ever made. Why weren't the members for Griffith and Hotham mentioning those things and saying, 'For these reasons, we support it'? The answer to that is very simple, and it was mentioned by the member for Boothby. Two of the witnesses were the ACTU—no case, just opposition—and, of course, Dougie Cameron. He's against everything. He cannot

even get along with his own union mates anymore. He is a Neanderthal.

**Mr Cox**—What are you, Wilson?

**Mr TUCKEY**—You ought to have heard me on hydrogen yesterday, mate. Anybody who can promote the next fuel for this country is not a Neanderthal. That is where you come from, as I said. You, particularly, have an interest in turning lead into gold. Let me say there is plenty of lead on your side.

*Mr Cox interjecting—*

**The DEPUTY SPEAKER (Mr Barresi)**—The member for Kingston will refrain from interjecting and the member for O'Connor will come back to the bill.

**Mr TUCKEY**—Thank you, Mr Deputy Speaker, for your protection. I certainly need it in this hostile environment. The reality is that all of the intelligent persons sitting on the opposition benches know there is more good than bad in this free trade agreement. Privately, they would like to support it and satisfy their own constituencies out there, who think Australia will benefit. But, of course, the guys that still hold 50 per cent of the preselection votes have said, 'We don't want it.' Therefore, as evidenced in the last two speeches, they thought, 'How do we weasel our way out of this?' and, in what was clearly a caucus decision, they said, 'We will go in there and we will talk about the US Congress. We will talk about a Senate committee,' when they know in their own minds what Keating said—and he was pretty right. 'We will do anything at all to not have to take a decision, so that we do not offend our Labor union masters and we do not offend the Australian people,' who, of course, are conflicted on this issue. So they come in here with all this weasel talk.

Those opposite did not address any of the significant issues other than this furphy about the PBS. The member for Hotham was talking about greenfielding or whatever and

the effect of patents on price. Patents used to run for 20 years; I think they might now run for 50. Just how many medicines in this day of technology are still in demand in the period of patent? I know we have a few generics. Aspirin has hung around. But there are so many things being superseded by new inventions that it is not going to be a significant component, even if there were some truth in the claims that somehow or other this FTA would push up the buying price to the PBS, not to the Australian people.

That is the other furphy that has been presented: that somehow or other, if there were—and we say there will not be—any price effect arising out of these arrangements, it would directly transfer to the Australian people. That is just not the way the PBS works. The cost to the Australian people, of course, is the co-payment—a Labor government invention. They got it up to about 20 bucks, as I recollect. That is the only cost. It is totally irrelevant to the cost to the broader taxpayer. If that happened to go up a little bit—and I say it will not, not arising from this free trade agreement—then in fact the scheme would not collapse, nor would it represent a greater cost to individual Australians. It is a furphy. But it is not there because the people who say it believe it—not the intelligent ones, anyhow. I guess there are some people on that side with the same intelligence quotient as Dougie, but the reality is that the rest of them know the benefits outweigh anything better we would have liked to have had—not the negatives, just the things that could have been better.

I have read a list, in a negative sense, of who will be the losers if we do not have the free trade agreement, and the most amazing thing is the attitude of the ACTU—the Neanderthals. Isn't it funny that the people who are making the biggest fuss in the United States are trade unions! They are the ones who put their foot on Monaro exports at



18,000. Why did they do that? If our vehicles that are travelling to other parts of the world are so overly expensive and underperforming, why would the unions worry about them coming in? They are going to stay on the shelf. From what I read of the Monaro, it is not going all that well, but it seems to be going a lot better in the UK. When I last talked about free trade in the US Congress with a couple of congressmen, they were terrified of Australia. They were telling us that we would flood their markets with horticultural products. I was at pains to remind them that we probably could not feed their nation for a fortnight with all our production.

It is a furphy that there will be some rush of super-cheap items and competitive influences coming out of the US. They are coming out of China now. I will tell you what: there are a lot of mothers with two or three kids who in the next few weeks will be spending their \$600 for each child on Chinese clothing for their kids, and they have never been able to clothe their children so cheaply. It adds considerably to the welfare of that family and to the quality of food and other things they can buy.

To suggest that this FTA in any way should be delayed while the Americans make up their minds does not say much for the intelligence of this parliament. That is now the foundation of Labor's debate: we have to wait for the Senate—a mob of people who have never faced the Australian people. A typical senator is elected by about 50 or 60 Australians, since we have had the tick-a-box system. You just have to convince your electoral council that you are the best and, arguably, you could go away on a holiday. The Labor Party says these are the people who transcend the elected members of this House—people who have had to fight for their seat, with each and every one of the 80,000 voters making up their mind. What an outrageous proposition: submit to the Ameri-

can Congress; do not give them leadership; do not let our supporters over there get up and say: 'The Aussies have committed. What are you blokes doing?' No, they are cowering in a hole, according to the Labor Party, waiting for you to make up your mind, and a high percentage of them are hoping that you will vote against it so that they are absolved from having to make a very serious decision for Australia.

How long would we stay in ASEAN if we dropped off the perch on the American free trade agreement? We would be sneered out. One thing about the Asians is that they like winners and they back winners; they do not support losers, as is being promoted in this weasel approach that is quite clearly the theme we will hear again from the member for Kingston in a moment, I am sure, unless he has airbrushed his speech, having heard my comments. (*Time expired*)

**Mr COX (Kingston) (6.10 p.m.)**—Rushing this legislation through before properly established parliamentary processes are completed is a cynical attempt by this government to avoid proper parliamentary scrutiny of the free trade agreement with the US. The [US Free Trade Agreement Implementation Bill 2004](#) and the [US Free Trade Agreement Implementation \(Customs Tariff\) Bill 2004](#) are more important than the cheap political games the Howard government is attempting to play. At the time the government announced it had completed negotiations with the US, the Senate established a select committee to examine the FTA in detail. I recall that when this government was first elected it made great play of the need for proper parliamentary scrutiny of the treaty making process. However, when it has suited the government's political or administrative convenience, it has attempted to ignore the treaties committee—



**Mr Hockey**—Where's Kim Wilkie and Andrew Southcott?

**Mr COX**—and in this case it is ignoring the Senate select committee.

**Mr Hockey**—What? We just had a committee investigate it. They reported today.

**The DEPUTY SPEAKER (Mr Barresi)**—Order!

**Mr COX**—You put a lot more trust in Andrew Southcott than I do.

**Mr Hockey**—What about Kim Wilkie?

**The DEPUTY SPEAKER**—The member for Kingston will ignore the abuse of standing orders by the minister.

**Mr COX**—You may have noticed that the member for Swan, in fact, was a signatory to a dissenting report. The Senate select committee process was quite properly required by the Senate because of the wide-ranging ramifications of the US FTA. It has implications not just for trade but for foreign investment policy, intellectual property, agriculture, manufacturing, media policy and the delivery of health services in Australia. These impacts require thorough assessment to determine whether the FTA is in Australia's national interest.

The US Congress allowed three months to scrutinise the trade deal. It is only reasonable that the Australian parliament be given a similar opportunity. Such an agreement with the world's largest economy requires close and considerable examination. Rather than allowing that examination to continue, the government are attempting to ramp up the FTA as an election issue. The Australian people are increasingly cynical of this government's political manipulations. Their actions here today show once again that the Howard government are not a government committed to free trade; rather, they are prepared to use free trade as a political football. The Australian people expect more from

their government. The government also claim that this agreement is somehow comparable to those signed with Thailand and Singapore. This is ludicrous. The scope and complexity of the agreement and the size of the US economy make the potential impact of this agreement far greater on the Australian economy and community.

This morning the chairman of the Joint Standing Committee on Treaties, the member for Boothby, attempted to use the CER treaty with New Zealand as a precedent for the US FTA. To argue that this parliament should not properly scrutinise such a comprehensive agreement with the world's largest economy indicates the undemocratic tendencies of this government. To insinuate that the Labor Party are being irresponsible is laughable from a government that rushed into signing an agreement with the United States and now want the parliament to rush into ratifying it.

Labor will not oppose the bill today, but continues to reserve its final judgment until the outcome of the Senate inquiry, a position Labor has held since the free trade agreement was announced. The Prime Minister wants to paint Labor as anti-American or anti free trade if it questions the value of the FTA. The Australian Labor Party is the party of free trade, with its tariff reforms of the 1970s, 1980s and 1990s resulting in productivity growth which has grown the Australian economy.

*Mr Hockey interjecting—*

**The DEPUTY SPEAKER**—Order, Minister! I commend the member for Kingston for his discipline and ask the minister to do the same.

**Mr COX**—The Australian Labor Party is the party of free trade, with its contribution to the Uruguay world trade round and, in particular, with its leadership of the Cairns Group. The government professes this to be a free trade agreement that will deliver great

benefits to the Australian economy. While it is true that multilateral free trade agreements are unambiguously beneficial to the economy as a whole, the same cannot always be said for bilateral agreements. The Labor Party is committed to the multilateral trade processes and takes the view that care should be taken to ensure that bilateral agreements do not undermine them. While multilateral processes take longer, the benefits they provide are superior to those provided by bilateral or regional agreements.

*Mr Hockey interjecting—*

**Mr COX**—Well, you haven't got them working well.

**The DEPUTY SPEAKER**—The member for Kingston! The member for Kingston was doing well, not responding to interjections—

*Mr Hockey interjecting—*

**Mr COX**—You are part of multilateral processes.

**The DEPUTY SPEAKER**—Minister, you will refrain from interjecting. The member for Kingston will return to the bill.

*Mr Hockey interjecting—*

**Mr COX**—It is more than a partnership. Where bilateral agreements lead to trade diversion rather than trade creation, any benefits can be reduced and in some cases eradicated altogether. Trade diversion occurs when, instead of trading with nations outside a particular agreement, nations shift their trade to other nations within the trading bloc. Welfare losses result because more efficient producers outside the bilateral agreement are replaced by less efficient producers within the agreement. If rules of origin are also involved, the consequences can be worse. For example, rather than sourcing cheap inputs from other countries, Australian companies may begin to source more expensive products from the United States, just to meet the rules of origin requirements and access the

US markets. The result would be to lessen the competitiveness of Australian products in third countries and to increase the cost of products within Australia.

Bilateral or regional agreements are no match for benefits that Australia can secure through the WTO process. Trade negotiation through the WTO gives us the opportunity to pursue market access gains for Australian agriculture, manufacturing and services with all members of the WTO, ensuring trade creation rather than trade diversion. That is the key to multilateral negotiations. Rather than just focusing on one market, all 147 WTO members make offers to open their markets to other countries, thereby opening up the opportunity for massive economic and trade gains for individual members. Complex and overlapping rules of origin distort production decisions and therefore lead to less efficient production and higher costs for consumers.

Members of the WTO are also able to negotiate on an equitable basis. Irrespective of economic size, political muscle or level of development, all WTO members have the opportunity to contribute to the development of a rules based trading system for managing international trade flows. This is essential to maintain the integrity and fairness of the international trading system and to give all countries the opportunity for continued economic growth and development through international trade. In contrast, bilateral trade negotiations between two countries with significantly different sized economies can give rise to a mismatch in negotiating strength and inevitably a mismatch in outcomes.

Such a situation is readily apparent with this free trade agreement. All US agricultural exports to Australia will immediately receive duty-free access, but Australia does not get the same free market access for agriculture products in the US. According to Minister

Vaile, Australia was going to get a big market access outcome for agriculture. That is what he promised everyone, including the National Farmers Federation and the sugar industry. Despite all the promises and all the claims that sugar was on the negotiating table, not one extra bag, spoon or grain of Australian sugar will go to the US under this deal. The Minister for Trade was in this place earlier today saying how satisfied he felt the sugar producers in this country were with this arrangement. The only thing that the Australian sugar producers in this country are satisfied with is the electoral sling of money that the government has cast in their direction—

*Mr Hockey interjecting—*

**The DEPUTY SPEAKER**—The minister will refrain from interjecting!

**Mr COX**—to compensate them for the failure of this government in the free trade agreement with the US. This government originally said that access to the American sugar market was one of the requirements of this agreement, and that is one of the aspects on which this government has failed.

This deal has been oversold and has failed to deliver for Australia's agricultural sector. This deal has failed to deliver for rural and regional Australia. Minister Vaile let down his National Party constituency—and that seems to be the fate of all National Party ministers in this place. That constituency was effectively sold out by this poor deal for Australian farmers—a deal that did not remove US tariffs on Australian dairy products and which maintains US tariffs on Australian beef exports for 18 years. Australian beef will also be subject to ongoing price safeguards that can be invoked if the price of beef falls in the US. That does not sound like a free trade deal to me.

This deal will take 11 years to get the tariffs off Australian wine going into the US

market. It failed to have the US geographic indications rules relaxed to accommodate the Australian standard—that is, a maximum of 15 per cent of any wine, labelled as coming from a region, which does not come from within that region. Instead, Australian wineries will have to continue to do separate runs with a maximum of 10 per cent of wine not coming from that region going into those labels for the American market. This agreement also failed to get any improvement in the American rules for blending of wines which require blended wines to come from contiguous regions. That is not something that is required in Australia. It is not necessary in the US market. It is not a major issue, but it is another minor issue on which this government has failed to achieve any progress.

Just because you label something with a free trade tag, it does not mean it really is free trade. For example, changes to intellectual property rules in the agreement may actually lead to less competition, which is not an objective of free trade. This agreement should be properly scrutinised by the parliament to ensure that it really is in Australia's national interest. If it passes that test, Labor will support the agreement. Labor, unlike the coalition, are not only interested in the flashing lights of a free trade agreement with the US; as a party we are actually interested in what it will mean for Australians. For that reason, we have decided to reserve our final judgment until the Senate committee has brought down its findings.

**Mr HUNT (Flinders)** (6.24 p.m.)—I am genuinely delighted to rise in support of the [US Free Trade Agreement Implementation Bill 2004](#) in this cognate debate. The Australia-United States free trade agreement harkens back to the other great bilateral agreement in Australian trade history. In 1957, under the then trade minister, Mr McEwan, Australia negotiated with Japan the Japan

Australia trade agreement. What happened in that agreement was fascinating. In an echo of that which we face today, the then Labor opposition opposed the Japan-Australia trade agreement. It was an extraordinary step at that time, and in retrospect it is even more extraordinary. The consequence if Australia had not signed the Japan-Australia trade agreement would have been an amazing and unbelievable impact on the growth and development of the Australian economy over the subsequent half century.

Now we face the same situation. We have the same opportunity for future generations. We have the same capacity to build jobs, investment and export markets. We have the same opportunity that will allow for the import of goods which will be of value to the Australian economy and to Australian consumers. And we face the same implicit opposition. Half a century from now, the way in which we now look at the Japan-Australia trade agreement and the way in which we look with disbelief at the opposition to it will be exactly the same way in which federal Labor's position today is viewed.

It is surprising and disappointing, because this is genuinely an agreement for the next generation. It is an agreement which will bring to Australia an annual benefit within 10 years of up to \$6 billion. It is an agreement which brings into being all of the philosophies which, to be fair, both sides of this House have attempted to pursue over the last 20 years. Both sides of this House have been committed to free trade. We know that there have been important steps forward. We know that there have been imperfections along the way, but there has been a genuine commitment to free trade. What we feel is disappointment and surprise. I had never expected that, on something of such significance and real national import, a position would be taken contrary to the long-term national interest. That is a surprise.

In looking at this agreement and bill, I want to focus on three aspects. Firstly, it is a bill and agreement for future generations. It does not deliver everything, but it delivers an enormous amount. As we have seen in the report from the Centre for International Economics, there will be a real GDP increase of up to \$6.1 billion per year. That increase is of extreme importance to Australian jobs, manufacturers, families and many others. It will have an impact on every phase of Australian life. Secondly, it has an impact on the way in which we carry out our business—whether we are an open society or a closed society, whether we seek to be part of the world or close ourselves off.

What are the benefits that we will obtain for Australia? Firstly, for our manufacturers, over 97 per cent of our manufactured exports to the United States, worth \$5½ billion, will be immediately duty-free from day one. Secondly, we will now have access for the first time to the US federal government procurement market of over \$270 billion a year. That was something that was not expected when we entered into this agreement. It was not something which was calculated into the benefits; it is something which was delivered. Thirdly, the 25 per cent tariff on light commercial vehicles that previously kept Australian vehicles out of the US market will be removed immediately. That means jobs for workers in the auto sector, the component sector and the steel sector. So, for Australian manufacturers, whether they be GMH, Ford or BlueScope Steel, there is a real and demonstrable benefit.

In addition to that, for our farmers and food processors, about 66 per cent of agricultural tariffs with the United States will go to zero immediately. So 66 per cent, or two-thirds, of the tariffs on our agricultural exports to the United States will disappear, with a further nine per cent, or three-quarters, of the tariffs disappearing within

four years. Our beef quota, currently 378,000 tonnes, will be substantially increased. It will grow by 18½ per cent over 18 years, thereby achieving effectively free trade. It is a \$100 million benefit to Australian beef producers in the first year.

I know that, within my own electorate of Flinders, Tabro Meats, which employs many people, will receive a significant benefit. There will be real jobs on the ground for real businesses with a real impact. That is what is important. In addition, the dairy industry will receive a significant benefit. Our export of dairy products to the US, currently worth around \$36 million, is likely to increase by around \$55 million in the first year and build from there into a very lucrative trade for our industry. It is the same for avocados and wheat and cereal flour mixes. The wool, wine, peanut and seafood industries all benefit.

Yes, in many of those we would have liked more, but this is an across-the-board set of improvements for Australia's manufacturing, services and agricultural sectors. No, sugar is not part of it. Yes, we would have liked sugar to have been part of it. No, there is no reason why that should prevent the deal going ahead. This is an extraordinary step forward. If we can take three out of four steps, we should take the deal—there is no doubt about that.

Here I come to the second point in this speech. To say no, as the opposition effectively set out in early February, is to say no to jobs in the manufacturing sector, the steel industry and the automotive industry. It is to say no to jobs for ordinary Australians in the agricultural export sectors, whether that is in Blue Scope Steel or GMH, and in many other parts of the country. It is saying no to jobs in all of those areas. On that front I believe that this should go ahead. I want to make the point that, above all else, I believe

that the Labor Party will accept this deal. They have opposed it so far, and they have played games with it, but, above all else, it should be accepted. I commend this bill to the House.

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

**SUPERANNUATION LAWS  
AMENDMENT (2004 MEASURES No. 2)  
BILL 2004**

**Consideration of Senate Message**

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

*Senate's amendments—*

- (1) Clause 2, page 2 (table item 3), omit "2010" (twice occurring), substitute "2005".
- (2) Clause 4, page 3 (line 2), omit "2010", substitute "2005".

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.33 p.m.)—I move:

That the amendments be disagreed to.

The government opposes the Senate's amendments to the **Superannuation Laws Amendment (2004 Measures No. 2) Bill 2004**. These amendments would bring forward the commencement of one measure contained in the bill, which simplifies the superannuation guarantee earnings base, to 1 July 2005 from 1 July 2010. The government believes that this proposal is impractical. It also runs the risk of reducing employees' wage growth more sharply to offset increases in superannuation payments. The House considers that a start date of 1 July 2010 will allow for a smooth transition to a simplified superannuation guarantee system. A long transition period will also provide greater capacity for employers to increase superannuation payments through increased productivity, thereby not adversely affecting em-

ployees or employers. When the superannuation guarantee system was introduced, the rate gradually increased over 10 years to ensure that the labour market was not undermined and increases in superannuation costs could be paid from productivity increases. The government's approach is consistent with the original superannuation guarantee approach.

Question agreed to.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.35 p.m.)—I present the reasons for the House disagreeing to the Senate amendments and I move:

That the reasons be adopted.

Question agreed to.

### **TAXATION LAWS AMENDMENT BILL (No. 7) 2003**

#### **Consideration of Senate Message**

Consideration resumed from 22 June.

*Senate's amendments—*

- (1) Schedule 3, item 1, page 10 (lines 5 and 6), omit the item.
- (2) Schedule 3, items 3 to 56, page 10 (line 11) to page 17 (line 21), omit the items.
- (3) Schedule 3, item 57, page 20 (lines 2 to 7), omit subsection 30-249A(1), substitute:
  - (1) This section applies if you make an election for a gift of property made to a fund, authority or institution covered by section 30-55.
- (4) Schedule 3, item 57, page 20 (lines 17 to 22), omit subsection 30-249B(1), substitute:
  - (1) This section applies if you make an election for a gift of property made to a fund, authority or institution covered by item 6 of the table in section 30-15.
- (5) Schedule 3, items 58 to 60, page 21 (line 21) to page 23 (line 30), omit the items.
- (6) Schedule 3, item 62, page 24 (lines 1 to 3), omit the item.

(7) Schedule 3, items 64 to 71, page 24 (line 6) to page 27 (line 12), omit the items.

(8) Schedule 3, items 73 to 77, page 27 (line 22) to page 28 (line 24), omit the items.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.35 p.m.)—I move:

That the amendments be agreed to.

The Senate amendments remove an important measure from the *Taxation Laws Amendment Bill (No. 7) 2003*. The measure would specifically list deductible gift recipients by way of regulation rather than by the present slow and administratively cumbersome requirement of amending the principal legislation. This measure would benefit the organisations that had been granted DGR status as well as the donors who generously contribute to these worthy organisations. Streamlining the listing process will improve the timeliness within which they will get certainty over the tax treatment of those donations. I know that, in my own electorate of Parramatta, the St Patrick's Cathedral rebuilding fund has benefited greatly by being listed as a DGR. The cathedral is of historical significance not only to the Parramatta community but also to Sydney itself. The fund assists the community to rebuild the cathedral, which was destroyed by fire in 1996.

However, like so many other deductible gift recipients, St Patrick's experienced a delay in being added to the law, which detracted from their ability to draw donations from the general public, particularly during the period when there was the greatest newsworthiness and public sympathy for the cause. My point is simply that the current process is unnecessarily slow and cumbersome. The government is of the belief that the reasonable alternative to the current process, which would significantly reduce these delays and problems they cause, would



be to list DGRs by regulation rather than by requiring an amendment to the principal legislation.

It is disappointing that the Senate has again insisted on these amendments; however, with a view to achieving passage of the other important measures within the bill, the government is reluctantly prepared to accept these Senate amendments at this time. In line with this government's commitment to modernising and streamlining the arrangements for the non-profit sector, however, we will be seeking further opportunities to have this matter considered by the parliament in the future.

**Mr COX (Kingston) (6.38 p.m.)**—The member for Parramatta has adverted to one DGR in his own constituency and suggested that somehow the Senate and, indeed, the opposition are being unreasonable in not allowing cathedrals to be listed for DGR status by regulation. The reason for the opposition opposing that process is that we have the opportunity when something is dealt with by legislation to amend it; when it is dealt with by regulation we only have the opportunity to reject it if we find that it is flawed. We are concerned about two things. One is that the government would attempt to list DGRs in regulations in a list and that some of those DGRs would be acceptable and some would not, and we would not be able to separate them without denying listing to those that were acceptable to us. The second, and probably more important, concern is the risk that the government will impose unreasonable conditions on some DGRs in the process of listing by regulation. We would want to be able to stop them from doing that.

We can do that when they are legislated, but we cannot do that when they are regulated. That is the reason for us insisting on these amendments. I am grateful to the government for finally accepting our amend-

ments; it is one of those rare successes that we have when dealing with omnibus tax bills. I am grateful to the Minister for Revenue and Assistant Treasurer for taking a sensible and expeditious view so that other important measures in this bill will not be held up.

Question agreed to.

*Senate's further amendment—*

(1) Schedule 2, item 2, page 9 (after line 8), at the end of the table, add:

4.2.27	<i>The Australian Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.28	<i>The Council of Social Service of NSW</i>	<i>the gift must be made after 30 June 2004</i>
4.2.29	<i>Victorian Council of Social Service</i>	<i>the gift must be made after 30 June 2004</i>
4.2.30	<i>The Queensland Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.31	<i>The Western Australian Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.32	<i>South Australian Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.33	<i>Tasmanian Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.34	<i>ACT Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>
4.2.35	<i>Northern Territory Council of Social Service Incorporated</i>	<i>the gift must be made after 30 June 2004</i>

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.40 p.m.)—I move:

That the further amendment made by the Senate to the bill be disagreed to.

The further amendment by the Senate would specifically list the Australian Council of Social Service and equivalent organisations in the states and territories as deductible gift recipients. ACOSS and its affiliated organisations have recently applied for specific listing as DGRs, and the government is currently considering the merits of those applications and will advise the organisation when it has made a decision on the issue.

I also note that, as a matter of process and good tax administration, an organisation is generally specifically listed only after it has satisfied the Commissioner of Taxation that it meets certain integrity standards known as the public fund requirements. To my knowledge, ACOSS has yet to demonstrate that it has met these requirements. I know that when this bill was debated in the other place, the opposition expressed a view that these were merely administrative details. But we consider it to be a fundamental requirement that can assure the public that their donations are appropriately accounted for and put to the purposes for which they are intended.

We certainly do not share the opposition's view that this is a mere administrative detail. We consider it a critical requirement that enables the community to have confidence in the sector as a whole. For all of these reasons, the government does not consider it appropriate to specifically list ACOSS in this bill and cannot accept this further Senate amendment which seeks to pre-empt the proper processes that all applicants seeking specific listing as deductible gift recipients are required to follow. These processes are designed to ensure that the community can have confidence in the merits of those or-

ganisations that are granted DGR status, and we stand behind them.

**Mr COX** (Kingston) (6.42 p.m.)—While the opposition is sympathetic to ACOSS's request for DGR status, we are concerned that proper parliamentary processes are followed for listing DGRs and also that proper bureaucratic processes are followed. We accept the parliamentary secretary's undertaking that ACOSS's application will be pursued properly in all of its aspects and perhaps brought back to this place at a later date.

Question agreed to.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.43 p.m.)—I present the reasons for the House disagreeing to the further amendment made by the Senate to the bill and I move:

That the reasons be adopted.

Question agreed to.

**CORPORATE LAW ECONOMIC REFORM PROGRAM (AUDIT REFORM AND CORPORATE DISCLOSURE) BILL 2003**

**Consideration of Senate Message**

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

*Senate's amendments—*

(1) Clause 2, page 2 (table item 2), omit the table item, substitute:

2. The later of:  
Schedule 1 (a) 1 July 2004; and  
(b) the day after this Act receives the Royal Assent.

(2) Clause 2, page 2 (after table item 2), insert:

2A. The later of:  
Sched- (a) 1 July 2004; and  
ule 2, (b) the day after this Act  
Parts 1 and receives the Royal Assent.  
2



- 2B. 1 January 2005. 1 January 2005 (11) Schedule 1, item 9, page 5 (line 19), at the end of paragraph (c), add “or”.
- Sched- (12) Schedule 1, item 14, page 6 (after line 32), after subsection 225(1), insert:  
ule 2, Part 3
- 2C. The later of:  
Sched- (a) 1 July 2004; and  
ule 2, (b) the day after this Act  
Part 4 receives the Royal Assent.
- (3) Clause 2, page 2 (table item 4), omit the table item, substitute:
4. The later of:  
Schedule 4, (a) 1 July 2004; and  
Part 1 (b) the day after this Act receives the Royal Assent.
- (4) Clause 2, page 2 (table item 6), omit the table item, substitute:
6. The later of:  
Schedule 4, (a) 1 July 2004; and  
Part 3 (b) the day after this Act receives the Royal Assent.
- (5) Clause 2, page 2 (table item 8), omit the table item, substitute:
8. The later of:  
Schedule 4, (a) 1 July 2004; and  
Part 5 (b) the day after this Act receives the Royal Assent.
- (6) Clause 2, page 2 (table item 9), omit the table item, substitute:
9. The later of:  
Schedule 5 (a) 1 July 2004; and  
(b) the day after this Act receives the Royal Assent.
- (7) Clause 2, page 2 (table item 11), omit the table item, substitute:
11. Immediately after the  
Schedules 8 commencement of the  
and 9 provisions covered by  
table item 9.
- (8) Clause 2, page 2 (table item 13), omit the table item, substitute:
13. Immediately after the  
Schedule 11 commencement of the  
provisions covered by  
table item 2.
- 13A. 1 January 2005. 1 January 2005
- Sched- (9) Schedule 1, item 9, page 5 (line 16), omit  
ule 11A “(b)”, substitute “(a)”.
- (10) Schedule 1, item 9, page 5 (line 18), omit “; or (c)”, substitute “(aa)”.
- (11) Schedule 1, item 14, page 6 (after line 32), after subsection 225(1), insert:  
(1A) In fulfilling its functions the FRC shall undertake public consultation on proposals within its functions and responsibilities which have a public interest element.
- (13) Schedule 1, item 14, page 7 (line 5), omit “approving and monitoring”, substitute “providing feedback on”.
- (14) Schedule 1, item 14, page 7 (line 11), omit paragraph 225(2)(c).
- (15) Schedule 1, item 14, page 7 (line 12), omit “directions, advice or”.
- (16) Schedule 1, item 14, page 8 (line 3), omit “approving and monitoring”, substitute “providing feedback on”.
- (17) Schedule 1, item 14, page 8 (line 9), omit paragraph 225(2A)(c).
- (18) Schedule 1, item 14, page 8 (line 10), omit “directions, advice or”.
- (19) Schedule 1, page 10 (after line 2), after item 14, insert:  
**14A Subsection 225(5)**  
Repeal the subsection, substitute:  
(5) The FRC does not have the power to:  
(a) direct the AASB in relation to the development, or making of a particular standard; or  
(b) veto a standard made, formulated or recommended by AASB; or  
(c) determine the AASB’s broad strategic direction.
- (20) Schedule 1, item 16, page 10 (lines 8 to 11), omit subsections 225(7) and (8), substitute:  
(7) The FRC does not have the power to:  
(a) direct the AUASB in relation to the development, or making of a particular auditing standard; or  
(b) veto a standard made, formulated or recommended by AUASB; or

- (c) determine the AUASB's broad strategic direction.
- (8) The FRC shall hold its meetings in public except to the extent that a meeting considers:
- (a) matters relating to the appointment or retirement or performance of members of the FRC, AASB or AUASB; or
- (b) matters which are of such a sensitive nature that a public meeting would be inappropriate.
- (21) Schedule 1, item 17, page 10 (line 15), after "FRC", insert " , acting on behalf of the FRC,".
- (22) Schedule 1, item 17, page 11 (line 3), after "FRC", insert " , acting on behalf of the FRC,".
- (23) Schedule 1, item 17, page 11 (line 33), after "FRC", insert " , acting on behalf of the FRC,".
- (24) Schedule 1, item 17, page 12 (line 1), before "the FRC", insert "the Chair of".
- (25) Schedule 1, item 17, page 12 (line 8), before "the FRC", insert "the Chair of".
- (26) Schedule 1, item 17, page 12 (line 18), after "at that time that", insert "the Chair of".
- (27) Schedule 1, item 17, page 12 (line 20), after "that", insert "the Chair of".
- (28) Schedule 1, page 12 (after line 25), after item 17, insert:
- 17A At the end of subsection 227(1)**  
Add:
- ; and (f) to determine its broad strategic direction.
- (29) Schedule 1, item 18, page 13 (after line 25), at the end of subsection 227B(1), add:
- ; and (f) to determine its broad strategic direction.
- (30) Schedule 1, items 19 and 20, page 14 (lines 17 to 20), omit the items, substitute:
- 19 Paragraphs 232(a) and (b)**  
Repeal the paragraphs.
- (31) Schedule 1, item 22, page 15 (lines 24 and 25), omit paragraph 234C(a).
- (32) Schedule 1, item 26, page 17 (line 10), omit the item, substitute:
- 26 Paragraph 236A(3)(a)**  
Repeal the paragraph.
- (33) Schedule 1, item 28, page 17 (lines 23 to 26), omit subsection 236E(2), substitute:
- (2) The AUASB shall hold its meetings in public except to the extent that a meeting considers:
- (a) matters relating to the appointment or retirement or performance of members of a subcommittee of the AUASB; or
- (b) matters which are of such a sensitive nature that a public meeting would be inappropriate.
- (34) Schedule 1, item 28, page 17 (lines 28 and 29), omit paragraph 236E(3)(a).
- (35) Schedule 1, item 32, page 21 (after line 13), after paragraph (e), insert:
- (ea) is made to APRA for the purposes of its performance of its functions; or
- (36) Schedule 1, page 23 (after line 13), after item 39, insert:
- 39A After subsection 249N(1A)**  
Insert:
- (1AB) A further requirement in subsection 136(3) must not modify the application of subsection (1) or (1A).
- (1AC) If a company constitution contains a further requirement which modifies the application of subsection (1) or (1A), this further requirement is void.
- (1AD) Subsections (1AB) and (1AC) are subject to the exceptions in the regulations.
- (37) Schedule 1, page 30 (after line 5), after item 50, insert:
- 50A Subsection 1279(2)**  
Repeal the subsection, substitute:
- (2) An application under this section:
- (a) must be lodged with ASIC; and

- (b) must contain such information as is prescribed in the regulations; and
- (c) must be in the prescribed form.
- (38) Schedule 1, item 54, page 31 (lines 10 to 13), omit the note.
- (39) Schedule 1, item 56, page 32 (lines 15 to 22), omit subsection (1), substitute:
- (1) A person who is a registered company auditor must, within one month after the end of:
- (a) the period of 12 months beginning on the day on which the person's registration begins; and
- (b) each subsequent period of 12 months;  
lodge with ASIC a statement in respect of that period.
- (1A) A statement under subsection (1):
- (a) must contain such information as is prescribed in the regulations; and
- (b) must be in the prescribed form.
- (40) Schedule 1, item 65, page 35 (lines 5 to 9), omit the item.
- (41) Schedule 1, item 73, page 36 (line 22), omit "*audit*", substitute "*auditor*".
- (42) Schedule 1, page 43 (after line 8), after item 90, insert:
- 90A After subsection 300(2)**
- Insert:
- (2A) If subsection (2) is relied on to not include in the directors' report for a financial year details that would otherwise be required to be included in that report under paragraph (11B)(a) or (11C)(b), that report must specify, in the section headed "Non-audit services", where those details may be found in the company's financial report for that financial year.
- (43) Schedule 1, item 91, page 43 (after line 14), after subsection (11A), insert:
- Non-audit services not to be provided by auditor*
- (11AA) A person contravenes this subsection if the person, as an auditor that performs for any company any audit required by this Act, provides to that company contemporaneously with the audit any non-audit service, including but not restricted to:
- (a) bookkeeping or other services related to the accounting records or financial statements of the company; or
- (b) financial information systems design and implementation; or
- (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; or
- (d) actuarial services; or
- (e) internal audit outsourcing services; or
- (f) management functions or human resources management functions; or
- (g) broker or dealer, investment adviser, or investment banking services; or
- (h) legal services and expert services unrelated to the audit; or
- (i) any other service prescribed by regulations made for the purpose of this subsection.
- (11AB) A person does not commit an offence because of a contravention of subsection (11AA) if:
- (a) the non-audit service is not described above and the activity is approved in advance by the audit committee of the company; or
- (b) the company, auditor, or service is exempted by ASIC from the provisions of subsection (11AA).
- (44) Schedule 1, item 91, page 43 (line 16), omit "The", substitute "Where subsection (11AB) applies, the".
- (45) Schedule 1, item 91, page 43 (line 18), omit "amount paid", substitute "amounts paid or payable".
- (46) Schedule 1, item 91, page 43 (line 19), omit "by the auditor during the year", substitute "during the year, by the auditor (or by another person or firm on the auditor's behalf)".

- (47) Schedule 1, item 91, page 43 (line 21), omit “by the auditor during the year”, substitute “, during the year, by the auditor (or by another person or firm on the auditor’s behalf)”.
- (48) Schedule 1, item 91, page 43 (lines 25 and 26), omit “by the auditor during the year”, substitute “, during the year, by the auditor (or by another person or firm on the auditor’s behalf)”.
- (49) Schedule 1, item 91, page 43 (line 29), at the end of subsection (11B), add “If consolidated financial statements are required, the details and statements must relate to amounts paid or payable to the auditor by, and non-audit services provided to, any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity.”.
- (50) Schedule 1, item 91, page 43 (line 30), after “paid”, insert “or payable”.
- (51) Schedule 1, item 91, page 43 (lines 31 and 32), omit “by the auditor during the year”, substitute “, during the year, by the auditor (or by another person or firm on the auditor’s behalf)”.
- (52) Schedule 1, item 91, page 43 (lines 34 and 35), omit paragraph (11C)(b), substitute:
- (b) the dollar amount that:
    - (i) the listed company; or
    - (ii) if consolidated financial statements are required—any entity that is part of the consolidated entity;
      - paid, or is liable to pay, for each of those non-audit services.
- (53) Schedule 1, item 91, page 44 (lines 3 to 7), omit paragraph (11D)(a), substitute:
- (a) advice provided by the listed company’s audit committee if the company has an audit committee; or
- (54) Schedule 1, item 95, page 49 (line 8), after “company”, insert “or registered scheme”.
- (55) Schedule 1, item 95, page 56 (after line 17), after subsection 324CA(1), insert:
- Individual auditor or audit company to notify ASIC*
- (1A) An individual auditor or audit company contravenes this subsection if:
- (a) the individual auditor or audit company is the auditor of an audited body; and
  - (b) a conflict of interest situation exists in relation to the audited body while the individual auditor or audit company is the auditor of the audited body; and
  - (c) on a particular day (the *start day*):
    - (i) in the case of an individual auditor—the individual auditor becomes aware that the conflict of interest situation exists; or
    - (ii) in the case of an audit company—the audit company becomes aware that the conflict of interest situation exists; and
  - (d) at the end of the period of 7 days from the start day:
    - (i) the conflict of interest situation remains in existence; and
    - (ii) the individual auditor or audit company has not informed ASIC in writing that the conflict of interest situation exists.
- Note 1: For *conflict of interest situation*, see section 324CD.
- Note 2: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2A) or (2C) (public company) or 331AAA(2A) or (2C) (registered scheme) within the period of 21 days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.
- (1B) A person is not excused from informing ASIC under subsection (1A) that a conflict of interest situation exists on the

ground that the information might tend to incriminate the person or expose the person to a penalty.

(1C) However, if the person is a natural person:

- (a) the information; and
  - (b) the giving of the information;
- are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.

(1D) If the individual auditor or audit company gives ASIC a notice under paragraph (1A)(d), ASIC must, as soon as practicable after the notice has been received, give a copy of the notice to the audited body.

*Conflict of interest situation of which individual auditor or audit company is not aware*

(56) Schedule 1, item 95, page 57 (after line 27), before subsection 324CA(6), insert:

*Relationship between obligations under this section and other obligations*

(57) Schedule 1, item 95, page 57 (after line 35), before subsection 324CB(1), insert:

*Contravention by member of audit firm*

(58) Schedule 1, item 95, page 58 (after line 12), after subsection 324CB(1), insert:

*Member of audit firm to notify ASIC*

(1A) A person (the **defendant**) contravenes this subsection if:

- (a) an audit firm is the auditor of an audited body; and
- (b) a conflict of interest situation exists in relation to the audited body while the audit firm is the auditor of the audited body; and
- (c) the defendant is a member of the audit firm at a time when the conflict of interest situation exists; and

(d) on a particular day (the **start day**), the defendant becomes aware of the circumstances referred to in paragraphs (a) and (b); and

(e) at the end of the period of 7 days from the start day:

- (i) the conflict of interest situation remains in existence; and
- (ii) ASIC has not been informed in writing by the defendant, by another member of the audit firm or by someone else on behalf of the audit firm that the conflict of interest situation exists.

Note 1: For **conflict of interest situation**, see section 324CD.

Note 2: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2B) (public company) or 331AAA(2B) (registered scheme) within the period of 21 days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.

(1B) A person is not excused from informing ASIC under subsection (1A) that a conflict of interest situation exists on the ground that the information might tend to incriminate the person or expose the person to a penalty.

(1C) However:

- (a) the information; and
  - (b) the giving of the information;
- are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.

(1D) If ASIC is given a notice under paragraph (1A)(e), ASIC must, as soon as

practicable after the notice is received, give a copy of the notice to the audited body.

*Conflict of interest situation of which another member of audit firm is aware*

(59) Schedule 1, item 95, page 58 (after line 30), before subsection 324CB(4), insert:

*Conflict of interest situation of which members are not aware*

(60) Schedule 1, item 95, page 59 (after line 13), before subsection 324CB(6), insert:

*Defence*

(61) Schedule 1, item 95, page 59 (after line 23), before subsection 324CB(7), insert:

*Relationship between obligations under this section and other obligations*

(62) Schedule 1, item 95, page 59 (after line 31), before subsection 324CC(1), insert:

*Contravention by director of audit company*

(63) Schedule 1, item 95, page 60 (after line 11), after subsection 324CC(1), insert:

*Director of audit company to notify ASIC*

(1A) A person (the **defendant**) contravenes this subsection if:

- (a) an audit company is the auditor of an audited body; and
- (b) a conflict of interest situation exists in relation to the audited body while the audit company is the auditor of the audited body; and
- (c) the defendant is a director of the audit company at a time when the conflict of interest situation exists; and
- (d) on a particular day (the **start day**), the defendant becomes aware of the circumstances referred to in paragraphs (a) and (b); and
- (e) at the end of the period of 7 days from the start day:
  - (i) the conflict of interest situation remains in existence; and

- (ii) ASIC has not been informed in writing by the defendant, by another director of the audit company or by the audit company that the conflict of interest situation exists.

Note 1: For **conflict of interest situation**, see section 324CD.

Note 2: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2C) (public company) or 331AAA(2C) (registered scheme) within the period of 21 days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.

(1B) A person is not excused from informing ASIC under subsection (1A) that a conflict of interest situation exists on the ground that the information might tend to incriminate the person or expose the person to a penalty.

(1C) However, if the person is a natural person:

- (a) the information; and
  - (b) the giving of the information;
- are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.

(1D) If ASIC is given a notice under paragraph (1A)(e), ASIC must, as soon as practicable after the notice is received, give a copy of the notice to the audited body.

*Conflict of interest situation of which another director of audit company aware*

- (64) Schedule 1, item 95, page 60 (after line 31), before subsection 324CC(4), insert:

*Conflict of interest situation of which directors of audit company not aware*

- (65) Schedule 1, item 95, page 61 (after line 15), before subsection 324CC(6), insert:

*Defence*

- (66) Schedule 1, item 95, page 61 (after line 25), before subsection 324CC(7), insert:

*Relationship between obligations under this section and other obligations*

- (67) Schedule 1, item 95, page 63 (after line 18), after subsection 324CE(1), insert:

*Individual auditor to notify ASIC*

- (1A) An individual auditor contravenes this subsection if:
- (a) the individual auditor is the auditor of an audited body; and
  - (b) a relevant item of the table in subsection 324CH(1) applies to a person or entity covered by subsection (5) of this section while the individual auditor is the auditor of the audited body; and
  - (c) on a particular day (the *start day*), the individual auditor becomes aware of the circumstances referred to in paragraph (b); and
  - (d) at the end of the period of 7 days from the start day:
    - (i) those circumstances remain in existence; and
    - (ii) the individual auditor has not informed ASIC in writing of those circumstances.

Note: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2A) (public company) or 331AAA(2A) (registered scheme) within the period of 21

days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.

- (1B) A person is not excused from informing ASIC under subsection (1A) that the circumstances referred to in paragraph (1A)(b) exist on the ground that the information might tend to incriminate the person or expose the person to a penalty.
- (1C) However:
- (a) the information; and
  - (b) the giving of the information;
- are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.
- (1D) If the individual auditor gives ASIC a notice under paragraph (1A)(d), ASIC must, as soon as practicable after the notice has been received, give a copy of the notice to the audited body.
- Strict liability contravention of specific independence requirements by individual auditor*
- (68) Schedule 1, item 95, page 64 (after line 19), before subsection 324CE(5), insert:
- People and entities covered*
- (69) Schedule 1, item 95, page 64 (table item 2, cell at column 2), omit the cell, substitute:
- a service company or trust acting for, or on behalf of, the firm, or another entity performing a similar function
- (70) Schedule 1, item 95, page 65 (table item 7, cell at column 2), omit the cell, substitute:
- an entity that the auditor (or a service company or trust acting for, or on behalf of, the individual auditor, or another entity performing a similar function) controls

- (71) Schedule 1, item 95, page 65 (table item 8, cell at column 2), omit the cell, substitute:
- a body corporate in which the auditor (or a service company or trust acting for, or on behalf of, the individual auditor, or another entity performing a similar function) has a substantial holding
- (72) Schedule 1, item 95, page 66 (lines 26 to 29), omit all the words from and including “by the auditor” to the end of paragraph 324CE(7)(d), substitute:
- by the auditor, other than:
- (i) an arrangement providing for regular payments of a fixed pre-determined dollar amount which is not dependent, directly or indirectly, on the revenues, profits or earnings of the auditor; or
- (ii) an arrangement providing for regular payments of a dollar amount where the method of calculating the dollar amount is fixed and is not dependent, directly or indirectly, on the revenues, profits or earnings of the auditor; and
- (73) Schedule 1, item 95, page 67 (after line 19), after subsection 324CF(1), insert:
- Member of audit firm to notify ASIC*
- (1A) A person (the *defendant*) contravenes this subsection if:
- (a) an audit firm is the auditor of an audited body; and
- (b) a relevant item of the table in subsection 324CH(1) applies to a person or entity covered by subsection (5) of this section while the audit firm is the auditor of the audited body; and
- (c) the defendant is a member of the audit firm at a time when the circumstances referred to in paragraph (b) exist; and
- (d) on a particular day (the *start day*), the defendant becomes aware of the circumstances referred to in paragraphs (a) and (b); and
- (e) at the end of the period of 7 days from the start day:
- (i) the circumstances referred to in paragraph (b) remain in existence; and
- (ii) ASIC has not been informed in writing of those circumstances by the defendant, by another member of the audit firm or by someone else on behalf of the audit firm.
- Note: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2B) (public company) or 331AAA(2B) (registered scheme) within the period of 21 days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.
- (1B) A person is not excused from informing ASIC under subsection (1A) that the circumstances referred to in paragraph (1A)(b) exist on the ground that the information might tend to incriminate the person or expose the person to a penalty.
- (1C) However:
- (a) the information; and
- (b) the giving of the information;
- are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.
- (1D) If ASIC is given a notice under paragraph (1A)(e), ASIC must, as soon as



practicable after the notice is received, give a copy of the notice to the audited body.

*Contravention of independence requirements by members of audit firm*

(74) Schedule 1, item 95, page 68 (after line 6), before subsection 324CF(5), insert:

*People and entities covered*

(75) Schedule 1, item 95, page 68 (table item 2, cell at column 2), omit the cell, substitute:

a service company or trust acting for, or on behalf of, the firm, or another entity performing a similar function

(76) Schedule 1, item 95, page 69 (table item 8, cell at column 2), omit the cell, substitute:

an entity that the firm (or a service company or trust acting for, or on behalf of, the firm, or another entity performing a similar function) controls

(77) Schedule 1, item 95, page 69 (table item 9, cell at column 2), omit the cell, substitute:

a body corporate in which the firm (or a service company or trust acting for, or on behalf of, the firm, or another entity performing a similar function) has a substantial holding

(78) Schedule 1, item 95, page 70 (lines 23 to 26), omit all the words from and including "by the firm" to the end of paragraph 324CF(7)(d), substitute:

by the firm, other than:

- (i) an arrangement providing for regular payments of a fixed pre-determined dollar amount which is not dependent, directly or indirectly, on the revenues, profits or earnings of the firm; or
- (ii) an arrangement providing for regular payments of a dollar

amount where the method of calculating the dollar amount is fixed and is not dependent, directly or indirectly, on the revenues, profits or earnings of the firm; and

(79) Schedule 1, item 95, page 71 (after line 19), after subsection 324CG(1), insert:

*Audit company to notify ASIC*

(1A) An audit company contravenes this subsection if:

- (a) the audit company is the auditor of an audited body; and
- (b) a relevant item of the table in subsection 324CH(1) applies to a person or entity covered by subsection (9) of this section while the audit company is the auditor of the audited body; and
- (c) on a particular day (the *start day*), the audit company becomes aware of the circumstances referred to in paragraph (b); and
- (d) at the end of the period of 7 days from the start day:
  - (i) those circumstances remain in existence; and
  - (ii) the audit company has not informed ASIC in writing of those circumstances.

Note: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2C) (public company) or 331AAA(2C) (registered scheme) within the period of 21 days from the day the notice under this subsection is given, the audit appointment will be terminated at the end of that period.

(1B) If the audit company gives ASIC a notice under paragraph (1A)(d), ASIC must, as soon as practicable after the

notice has been received, give a copy of the notice to the audited body.

*Strict liability contravention of specific independence requirements by audit company*

(80) Schedule 1, item 95, page 72 (after line 21), after subsection 324CG(5), insert:

*Director of audit company to notify ASIC*

(5A) A person (the **defendant**) contravenes this subsection if:

- (a) an audit company is the auditor of an audited body; and
- (b) a relevant item of the table in subsection 324CH(1) applies to a person or entity covered by subsection (9) of this section while the audit company is the auditor of the audited body; and
- (c) the defendant is a director of the audit company at a time when the circumstances referred to in paragraph (b) exist; and
- (d) on a particular day (the **start day**), the defendant becomes aware of the circumstances referred to in paragraphs (a) and (b); and
- (e) at the end of the period of 7 days from the start day:
  - (i) the circumstances referred to in paragraph (b) remain in existence; and
  - (ii) ASIC has not been informed in writing of those circumstances by the defendant, by another director of the company or by the audit company.

Note: If the audited body is a public company or a registered scheme and the notice under this subsection is not followed up by a notice under subsection 327B(2C) (public company) or 331AAA(2C) (registered scheme) within the period of 21 days from the day the notice under this subsection is given,

the audit appointment will be terminated at the end of that period.

(5B) A person is not excused from informing ASIC under subsection (5A) that the circumstances referred to in paragraph (5A)(b) exist on the ground that the information might tend to incriminate the person or expose the person to a penalty.

(5C) However, if the person is a natural person:

- (a) the information; and
- (b) the giving of the information;

are not admissible in evidence against the person in a criminal proceeding, or any other proceeding for the recovery of a penalty, other than proceedings for an offence based on the information given being false or misleading.

(5D) If ASIC is given a notice under paragraph (5A)(e), ASIC must, as soon as practicable after the notice is received, give a copy of the notice to the audited body.

*Strict liability contravention of specific independence requirements by director of audit company*

(81) Schedule 1, item 95, page 73 (table item 2, cell at column 2), omit the cell, substitute:

a service company or trust acting for, or on behalf of, the audit company, or another entity performing a similar function

(82) Schedule 1, item 95, page 74 (table item 8, cell at column 2), omit the cell, substitute:

an entity that the audit company (or a service company or trust acting for, or on behalf of, the audit company, or another entity performing a similar function) controls

(83) Schedule 1, item 95, page 74 (table item 9, cell at column 2), omit the cell, substitute:

- a body corporate in which the audit company (or a service company or trust acting for, or on behalf of, the audit company, or another entity performing a similar function) has a substantial holding
- (84) Schedule 1, item 95, page 75 (lines 31 to 34), omit all the words from and including “audit company” to the end of paragraph 324CG(11)(d), substitute:
- audit company, other than:
- (i) an arrangement providing for regular payments of a fixed pre-determined dollar amount which is not dependent, directly or indirectly, on the revenues, profits or earnings of the audit company; or
  - (ii) an arrangement providing for regular payments of a dollar amount where the method of calculating the dollar amount is fixed and is not dependent, directly or indirectly, on the revenues, profits or earnings of the audit company; and
- (85) Schedule 1, item 95, page 82 (line 1), omit “2”, substitute “4”.
- (86) Schedule 1, item 95, page 82 (line 20), omit “2”, substitute “4”.
- (87) Schedule 1, item 96, page 90 (lines 23 and 24), omit paragraph 327B(2)(d), substitute:
- (d) ceases to be auditor under subsection (2A), (2B) or (2C).
- (2A) An individual auditor ceases to be auditor of a company under this subsection if:
- (a) on a particular day (the *start day*), the individual auditor:
    - (i) informs ASIC of a conflict of interest situation in relation to the company under subsection 324CA(1A); or
    - (ii) informs ASIC of particular circumstances in relation to the company under subsection 324CE(1A); and
  - (b) the individual auditor does not give ASIC a notice, before the notification day (see subsection (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.
- (2B) An audit firm ceases to be auditor of a company under this subsection if:
- (a) on a particular day (the *start day*), ASIC is:
    - (i) informed of a conflict of interest situation in relation to the company under subsection 324CB(1A); or
    - (ii) informed of particular circumstances in relation to the company under subsection 324CF(1A); and
  - (b) ASIC has not been given a notice on behalf of the audit firm, before the notification day (see subsection (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.
- (2C) An audit company ceases to be auditor of a company under this subsection if:
- (a) on a particular day (the *start day*), ASIC is:
    - (i) informed of a conflict of interest situation in relation to the company under subsection 324CB(1A) or 324CC(1A); or
    - (ii) informed of particular circumstances in relation to the company under subsection 324CF(1A) or 324CG(1A) or (5A); and
  - (b) ASIC has not been given a notice on behalf of the audit company, before the notification day (see subsection

- tion (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.
- (2D) The *notification day* is:
- (a) the last day of the remedial period; or
  - (b) such later day as ASIC approves in writing (whether before or after the remedial period ends).
- (88) Schedule 1, item 96, page 90 (lines 27 to 30), omit subsection 327B(4), substitute:
- (4) If an audit firm ceases to be the auditor of a company under subsection (2) at a particular time, each member of the firm who:
    - (a) is taken to have been appointed as an auditor of the company under subsection 324AB(1) or 324AC(4); and
    - (b) is an auditor of the company immediately before that time;
 

ceases to be an auditor of the company at that time.
- (89) Schedule 1, item 100, page 96 (lines 22 and 23), omit paragraph 331AAA(2)(d), substitute:
- (d) ceases to be auditor under subsection (2A), (2B) or (2C).
- (2A) An individual auditor ceases to be auditor of a registered scheme under this subsection if:
- (a) on a particular day (the *start day*), the individual auditor:
    - (i) informs ASIC of a conflict of interest situation in relation to the scheme under subsection 324CA(1A); or
    - (ii) informs ASIC of particular circumstances in relation to the scheme under subsection 324CE(1A); and
  - (b) the individual auditor does not give ASIC a notice, before the notification day (see subsection (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.
- (2B) An audit firm ceases to be auditor of a registered scheme under this subsection if:
- (a) on a particular day (the *start day*), ASIC is:
    - (i) informed of a conflict of interest situation in relation to the scheme under subsection 324CB(1A); or
    - (ii) informed of particular circumstances in relation to the scheme under subsection 324CF(1A); and
  - (b) ASIC has not been given a notice on behalf of the audit firm, before the notification day (see subsection (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.
- (2C) An audit company ceases to be auditor of a registered scheme under this subsection if:
- (a) on a particular day (the *start day*), ASIC is:
    - (i) informed of a conflict of interest situation in relation to the scheme under subsection 324CB(1A) or 324CC(1A); or
    - (ii) informed of particular circumstances in relation to the scheme under subsection 324CF(1A) or 324CG(1A) or (5A); and
  - (b) ASIC has not been given a notice on behalf of the audit company, before the notification day (see subsection (2D)), that that conflict of interest situation has, or those circumstances have, ceased to exist before the end of the period (the *remedial period*) of 21 days from the start day.

<p><i>period</i>) of 21 days from the start day.</p> <p>(2D) The <i>notification day</i> is:</p> <p>(a) the last day of the remedial period; or</p> <p>(b) such later day as ASIC approves in writing (whether before or after the remedial period ends).</p> <p>(90) Schedule 1, item 100, page 96 (lines 26 to 29), omit subsection 331AAA(4), substitute:</p> <p>(4) If an audit firm ceases to be the auditor of a registered scheme under subsection (2) at a particular time, each member of the firm who:</p> <p>(a) is taken to have been appointed as an auditor of the scheme under subsection 324AB(1) or 324AC(4); and</p> <p>(b) is an auditor of the scheme immediately before that time;</p> <p>ceases to be an auditor of the scheme at that time.</p> <p>(91) Schedule 1, page 100 (after line 23), after item 109, insert:</p> <p style="padding-left: 40px;"><b>109A Schedule 3 (after table item 103)</b></p> <p style="padding-left: 40px;">Insert:</p> <p>103AA Subsection 300(11AA) 100 penalty units or imprisonment for 12 months, or both.</p> <p>(92) Schedule 1, item 111, page 100 (line 26) to page 102, omit the item, substitute:</p> <p style="padding-left: 40px;"><b>111 Schedule 3 (before table item 117)</b></p> <p>Insert:</p> <p>116BA Section 324BA 100 penalty units or imprisonment for 12 months, or both.</p> <p>116BB Subsection 324BB(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116BC Subsection 324BB(2) 40 penalty units.</p> <p>116BD Subsections 324BC(1) and (2) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116BE Subsection 324BC(3) 40 penalty units.</p> <p>116CA Subsection 324CA(1) 100 penalty units or imprisonment for 12 months, or both.</p>	<p>116CB Subsections 324CA(1A) and (2) 40 penalty units.</p> <p>116CC Subsection 324CB(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116CD Subsections 324CB(1A), (2) and (4) 40 penalty units.</p> <p>116CE Subsection 324CC(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116CF Subsections 324CC(1A), (2) and (4) 40 penalty units.</p> <p>116DA Subsection 324CE(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116DB Subsections 324CE(1A) and (2) 40 penalty units.</p> <p>116EA Subsection 324CF(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116EB Subsections 324CF(1A) and (2) 40 penalty units.</p> <p>116FA Subsection 324CG(1) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116FB Subsections 324CG(1A) and (2) 40 penalty units.</p> <p>116FC Subsection 324CG(5) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116FD Subsections 324CG(5A) and (6) 40 penalty units.</p> <p>116GA Section 324CI 100 penalty units or imprisonment for 12 months, or both.</p> <p>116GB Section 324CJ 100 penalty units or imprisonment for 12 months, or both.</p> <p>116GC Section 324CK 100 penalty units or imprisonment for 12 months, or both.</p> <p>116H Subsections 324CM(1), (2) and (3) 100 penalty units or imprisonment for 12 months, or both.</p> <p>116I Section 324DB 100 penalty units or imprisonment for 12 months, or both.</p>
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|-------|-------------------------------------|---|--|
| 116JA | Subsection<br>324DC(1)              | 100 penalty units or imprisonment for 12 months, or both. | (96) Schedule 1, item 111, page 101 (table item 116DB, cell at column 2), omit the cell, substitute: |
| 116JB | Subsection<br>324DC(2)              | 40 penalty units.   | Subsections<br>324CE(1A) and<br>(2)  |
| 116KA | Subsections<br>324DD(1)<br>and (2)  | 100 penalty units or imprisonment for 12 months, or both. | (97) Schedule 1, item 111, page 101 (table item 116EB, cell at column 2), omit the cell, substitute: |
| 116KB | Subsection<br>324DD(3)              | 40 penalty units.   | Subsections<br>324CF(1A) and<br>(2)  |
| 116LA | Subsection<br>327A(3)               | 100 penalty units or imprisonment for 12 months, or both. | (98) Schedule 1, item 111, page 101 (table item 116FB, cell at column 2), omit the cell, substitute: |
| 116LB | Subsections<br>327B(1) and<br>(3)   | 100 penalty units or imprisonment for 12 months, or both. | Subsections<br>324CG(1A)<br>and (2)  |
| 116LC | Subsection<br>327C(3)               | 100 penalty units or imprisonment for 12 months, or both. | (99) Schedule 1, item 111, page 101 (table item 116FD, cell at column 2), omit the cell, substitute: |
| 116MA | Subsection<br>328A(4)               | 100 penalty units or imprisonment for 12 months, or both. | Subsections<br>324CG(5A)<br>and (6)  |
| 116MB | Subsection<br>328B(2)               | 100 penalty units or imprisonment for 12 months, or both. | (100) Schedule 1, item 112, page 103 (lines 11 and 12), omit subsection 1299A(2), substitute:        |
| 116NA | Subsections<br>331AAA(1)<br>and (3) | 100 penalty units or imprisonment for 12 months, or both. | (2) An application under this section:   |
| 116NB | Subsections<br>331AAB(1)<br>and (2) | 100 penalty units or imprisonment for 12 months, or both. | (a) must contain such information as is prescribed in the regulations; and                           |
| 116O  | Subsection<br>342B(1)               | 20 penalty units.   | (b) must be in the prescribed form.  |
- (93) Schedule 1, item 111, page 101 (table item 116CB, cell at column 2), omit the cell, substitute:
- Subsections  
324CA(1A)  
and (2)
- (94) Schedule 1, item 111, page 101 (table item 116CD, cell at column 2), omit the cell, substitute:
- Subsections  
324CB(1A), (2)  
and (4)
- (95) Schedule 1, item 111, page 101 (table item 116CF, cell at column 2), omit the cell, substitute:
- Subsections  
324CC(1A), (2)  
and (4)
- (101) Schedule 1, item 112, page 106 (line 9), omit paragraph 1299F(2)(c), substitute:
- (c) be lodged with ASIC in the prescribed form.
- (102) Schedule 1, item 112, page 106 (line 19), omit paragraph 1299F(4)(c), substitute:
- (c) be lodged with ASIC in the prescribed form.
- (103) Schedule 1, item 112, page 106 (line 30), omit paragraph 1299F(6)(c), substitute:
- (c) be lodged with ASIC in the prescribed form.
- (104) Schedule 1, item 112, page 106 (line 32) to page 107 (line 6), omit subsection 1299G(1), substitute:

- (1) A company that is an authorised audit company must, within one month after the end of:
- (a) the period of 12 months beginning on the day on which the company became registered as an authorised audit company; and
  - (b) each subsequent period of 12 months; lodge with ASIC a statement in respect of that period.
- (1A) A statement under subsection (1):
- (a) must contain such information as is prescribed in the regulations; and
  - (b) must be in the prescribed form.
- (105) Schedule 1, item 113, page 109 (table item 332A, cell at column 3), omit the cell, substitute:
- 5 penalty units
- (106) Schedule 1, item 113, page 109 (table item 332B, cell at column 3), omit the cell, substitute:
- 5 penalty units
- (107) Schedule 1, item 113, page 109 (table item 332C, cell at column 3), omit the cell, substitute:
- 5 penalty units
- (108) Schedule 1, item 117, page 113 (lines 12 to 15), omit paragraph (1)(a), substitute:
- (a) allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or their representative questions:
    - (i) relevant to the conduct of the audit and the preparation and content of the auditor's report; and
    - (ii) about critical accounting policies adopted by the directors of the company and the basis on which the financial statements of the company were prepared; and
- (109) Schedule 1, item 117, page 113 (line 18), at the end of subsection (1), add:
- ; and (c) allow a reasonable opportunity for members present at the meeting to ask the auditor or their representative questions about the independence of the auditor.
- (110) Schedule 1, item 117, page 113 (after line 18), after subsection (1), insert:
- (1A) Where a company's auditor or their representative is at the meeting and has prepared written answers to written questions which have been submitted under section 250PA, the Chair of the AGM may permit the auditor or their representative to table the written answers to questions.
- (111) Schedule 1, item 155, page 133 (line 16), omit "**After**", substitute "**Before**".
- (112) Schedule 1, item 155, page 133 (line 18), omit "or (c)", substitute "(ab)".
- (113) Schedule 1, item 155, page 133 (line 23), at the end of paragraph (c), add "or".
- (114) Schedule 2, item 2, page 137 (after line 31), after paragraph 295A(2)(c), insert:
- (ca) the company's risk management and internal compliance and control system implements the policies adopted by the board; and
  - (cb) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects; and
- (115) Schedule 2, page 140 (after line 9), after item 3, insert:
- 3A At the end of section 297**
- Add:
- (2) In undertaking the assessment of a true and fair view, directors must consider the objectives contained in paragraph 224(a) of the ASIC Act and must include a statement in the financial report that they have done so.
  - (3) In the case of conflict between sections 296 (compliance with accounting standards) and 297 (true and fair view), the notes to the financial statements must indicate why, in the opinion of the directors, compliance with the accounting standards would not give a true and

fair view of the financial performance and position of the company.

- (4) The notes to the financial statements must include a reconciliation to provide additional information necessary to give a fair view.
- (116) Schedule 2, page 140 (after line 9), after item 3, insert:

**3B After section 297**

Insert:

**297A Purpose of true and fair view**

The purpose of a true and fair view is to ensure that the financial reports of a disclosing entity or consolidated entity represent a view that users of the reports (including investors, shareholders and creditors) would reasonably require to make an informed assessment of matters such as investment in the entity or the transaction of business with the entity.

- (117) Schedule 2, page 140 (after line 9), after item 3, insert:

**3C Section 297 (note)**

Repeal the note.

- (118) Schedule 2, page 141 (after line 12), after item 7, insert:

**7A At the end of section 305**

Add:

- (2) In undertaking the assessment of a true and fair view, directors must consider the objectives contained in paragraph 224(a) of the ASIC Act and must include a statement in the financial report that they have done so.
- (3) In the case of conflict between sections 296 (compliance with accounting standards) and 297 (true and fair view), the notes to the financial statements must indicate why, in the opinion of the directors, compliance with the accounting standards would not give a true and fair view of the financial performance and position of the company.
- (4) The notes to the financial statements must include a reconciliation to provide

additional information necessary to give a fair view.

- (119) Schedule 2, page 141 (after line 12), after item 7, insert:

**7B Section 305 (note)**

Repeal the note.

- (120) Schedule 2, item 11, page 146 (lines 20 to 32), omit subsection 239BA(4), substitute:

- (4) If the Chairperson gives a direction as to the sitting members, he or she may:

(a) revoke the direction and give a new direction under subsection (2) as to the sitting members; or

(b) vary the direction to replace one or more of the sitting members;

at any time after the giving of the direction and before the commencement of proceedings in relation to the matter.

- (5) If:

(a) the Chairperson gives a direction as to the sitting members; and

(b) one of those persons:

(i) ceases to be a member; or

(ii) ceases to be available for the purposes of proceedings in relation to a matter;

during the proceedings or after the completion of the proceedings but before the report on the matter to which the proceedings relate is finalised;

the Chairperson may vary the direction to replace that person at any time after the person so ceases to be a member or to be available.

- (121) Schedule 2, item 11, page 150 (after line 22), at the end of section 239CC, add:

- (9) The Financial Reporting Panel may revoke or vary a direction given under subsection (4).

- (122) Schedule 2, item 11, page 151 (after line 15), at the end of section 239CD, add:



- (5) The Financial Reporting Panel may revoke or vary a direction given under subsection (1).
- (123) Schedule 2, item 11, page 152 (after line 34), at the end of section 239CG, add:
- (3) The Financial Reporting Panel may revoke or vary a determination made under subsection (1).
- (124) Schedule 2, item 11, page 154 (line 23), omit “The”, substitute “A member of the”.
- (125) Schedule 2, item 11, page 154 (line 25), omit “If the”, substitute “If a member of the”.
- (126) Schedule 2, page 163, at the end of the Schedule, add:
- Part 4—Content of financial reports  
Corporations Act 2001**
- 17 Subsection 45A(4)**  
Omit “(d)”, substitute “(b)”.
- 18 Subsection 295(2)**  
Repeal the subsection, substitute:
- (2) The financial statements for the year are:
- (a) the financial statements in relation to the entity reported on that are required by the accounting standards; and
- (b) if required by the accounting standards—the financial statements in relation to the consolidated entity that are required by the accounting standards.
- 19 Subsection 303(2)**  
Repeal the subsection, substitute:
- (2) The financial statements for the half-year are:
- (a) the financial statements in relation to the entity reported on that are required by the accounting standards; and
- (b) if required by the accounting standards—the financial statements in relation to the consolidated entity that are required by the accounting standards.
- (127) Schedule 4, item 1, page 179 (lines 5 and 6), omit the item, substitute:
- 1 Schedule 3 (table items 1, 30, 50, 51, 83, 90, 117, 138, 229A to 229C, 235, 240, 309B, 309C, 310A to 310C, 311A to 311C, 312A, 334 to 337)**
- Repeal the items, substitute:
- |       |                     |  |
|-------|---------------------|--|
| 1     | Section 111AU       | 400 penalty units or imprisonment for 10 years, or both.   |
| 30    | Section 184         | 4,000 penalty units or imprisonment for 10 years, or both. |
| 50    | Subsection 209(3)   | 4,000 penalty units or imprisonment for 10 years, or both. |
| 51    | Section 224         | 400 penalty units or imprisonment for 10 years, or both.   |
| 83    | Section 254T        | 200 penalty units or imprisonment for 5 years, or both.    |
| 90    | Subsection 260D(3)  | 4,000 penalty units or imprisonment for 10 years, or both. |
| 117   | Subsection 344(2)   | 4,000 penalty units or imprisonment for 10 years, or both. |
| 138   | Subsection 588G(3)  | 4,000 penalty units or imprisonment for 10 years, or both. |
| 229A  | Subsection 674(2)   | 400 penalty units or imprisonment for 10 years or both.    |
| 229B  | Subsection 674(5)   | 200 penalty units or imprisonment for 5 years, or both.    |
| 229C  | Subsection 675(2)   | 400 penalty units or imprisonment for 10 years, or both.   |
| 229CA | Subsection 679(1)   | 100 penalty units.   |
| 235   | Section 726         | 400 penalty units or imprisonment for 10 years, or both.   |
| 240   | Subsection 728(3)   | 400 penalty units or imprisonment for 10 years, or both.   |
| 309B  | Section 1041A       | 400 penalty units or imprisonment for 10 years, or both.   |
| 309C  | Subsection 1041B(1) | 400 penalty units or imprisonment for 10 years, or both.   |
| 310A  | Subsection 1041C(1) | 400 penalty units or imprisonment for 10 years, or both.   |
| 310B  | Section 1041D       | 400 penalty units or imprisonment for 10 years, or both.   |
| 310C  | Subsection 1041E(1) | 400 penalty units or imprisonment for 10 years, or both.   |
| 311A  | Subsection 1041F(1) | 400 penalty units or imprisonment for 10 years, or both.   |
| 311B  | Subsection 1041G(1) | 400 penalty units or imprisonment for 10 years, or both.   |

- |  |  |
|--|--|
| <p>311C Subsection 4,000 penalty units or imprisonment for 10 years, or both.</p> <p>312A Subsection 4,000 penalty units or imprisonment for 10 years, or both.</p> <p>334 Section 200 penalty units or imprisonment for 5 years, or both.</p> <p><b>1A Schedule 3 (after table item 273A)</b></p> <p>Insert:</p> <p>273AA Subsection 1,000 penalty units or imprisonment for 1 year, or both.</p> <p>273AB Subsection 1,000 penalty units or imprisonment for 1 year, or both.</p> <p>273AC Subsection 1,000 penalty units or imprisonment for 1 year, or both.</p> <p>273AD Subsection 500 penalty units or imprisonment for 6 months, or both.</p> <p>(128) Schedule 4, item 2, page 180 (line 14), omit “services with”, substitute “the supply of services or goods to”.</p> <p>(129) Schedule 4, item 2, page 180 (lines 16 and 17), omit “services with”, substitute “the supply of services or goods to”.</p> <p>(130) Schedule 4, item 2, page 181 (line 4), omit “in good faith”, substitute “with an honest and reasonable belief”.</p> <p>(131) Schedule 4, item 2, page 181 (after line 29), at the end of section 1317AB, add:</p> <p>(3) Without limiting paragraphs (1)(b) and (2)(b), if a court is satisfied that:</p> <p>(a) a person (the <i>employee</i>) is employed in a particular position under a contract of employment with another person (the <i>employer</i>); and</p> <p>(b) the employee makes a disclosure that qualifies for protection under this Part; and</p> <p>(c) the employer purports to terminate the contract of employment on the basis of the disclosure;</p> <p>the court may order that the employee be reinstated in that position or a position at a comparable level.</p> <p>(132) Schedule 4, item 2, page 183 (after line 6), at the end of Part 9.4AAA, add:</p> <p><b>1317AE Confidentiality requirements for company, company officers and employees and auditors</b></p> | <p>(1) A person (the <i>offender</i>) is guilty of an offence against this subsection if:</p> <p>(a) a person (the <i>discloser</i>) makes a disclosure of information (the <i>qualifying disclosure</i>) that qualifies for protection under this Part; and</p> <p>(b) the qualifying disclosure relates to a contravention or possible contravention of a provision of the Corporations legislation by:</p> <p>(i) a company; or</p> <p>(ii) an officer or employee of the company; and</p> <p>(c) the qualifying disclosure is made to:</p> <p>(i) the company’s auditor or a member of an audit team conducting an audit of the company; or</p> <p>(ii) a director, secretary or senior manager of the company; or</p> <p>(iii) a person authorised by the company to receive disclosures of that kind; and</p> <p>(d) the offender is:</p> <p>(i) the company’s auditor or a member of an audit team conducting an audit of the company; or</p> <p>(ii) a director, secretary or senior manager of the company; or</p> <p>(iii) a person authorised by the company to receive disclosures of that kind; or</p> <p>(iv) the company; or</p> <p>(v) any officer or employee of the company; and</p> <p>(e) the offender discloses one of the following (the <i>confidential information</i>):</p> <p>(i) the information disclosed in the qualifying disclosure;</p> <p>(ii) the identity of the discloser;</p> <p>(iii) information that is likely to lead to the identification of the discloser; and</p> <p>(f) the confidential information is information that the offender obtained</p> |
|--|--|

- directly or indirectly because of the qualifying disclosure; and
- (g) either:
- (i) the offender is the person to whom the qualifying disclosure is made; or
  - (ii) the offender is a person to whom the confidential information is disclosed in contravention of this section and the offender knows that the disclosure of the confidential information to the offender was unlawful or made in breach of confidence; and
- (h) the disclosure referred to in paragraph (e) is not authorised under subsection (2).
- (2) The disclosure referred to in paragraph (1)(e) is authorised under this subsection if it:
- (a) is made to ASIC; or
  - (b) is made to APRA; or
  - (c) is made to a member of the Australian Federal Police (within the meaning of the *Australian Federal Police Act 1979*); or
  - (d) is made to someone else with the consent of the discloser.
- (133) Schedule 4, item 3, page 183 (after table item 338), insert:
- 338A Subsection 25 penalty units.  
1317AE(1)
- (134) Schedule 4, page 186 (after line 15), after item 11, insert:
- 11A Paragraph 1317E(1)(f)**  
After “601FC(5)”, insert “, (7) or (9)”.
- (135) Schedule 5, heading, page 189 (lines 2 and 3), omit “Remuneration of directors and executives”, substitute “Appointment and remuneration of directors and executives”.
- (136) Schedule 5, page 189 (after line 29), after item 4, insert:
- 4A After paragraph 200F(a)**  
Insert:
- (aa) a benefit given under an order of a court; or
- (137) Schedule 5, item 5, page 190 (lines 1 to 18), omit subsection 200F(2), substitute:
- (2) Subsection 200B(1) does not apply to a benefit given in connection with a person’s retirement from an office in relation to a company if:
- (a) the benefit is:
    - (i) a genuine payment by way of damages for breach of contract; or
    - (ii) given to the person under an agreement made between the company and the person before the person became the holder of the office as the consideration, or part of the consideration, for the person agreeing to hold the office; and
  - (b) the value of the benefit, when added to the value of all other payments (if any) already made or payable in connection with the person’s retirement from the board or managerial offices in the company and related bodies corporate, does not exceed the lesser of:
    - (i) the amount worked out under subsection (3); and
    - (ii) the amount worked out under subsection (4).
- In applying paragraph (b) disregard superannuation which is required by statute to be paid.
- (138) Schedule 5, page 191 (after line 13), after item 5, insert:
- 5A Subsection 200G(2)**  
Repeal the subsection, substitute:
- (2) The payment limit is whichever is the lesser of:
- (a) the amount worked out under subsection (3); and
  - (b) the amount worked out under subsection (3A);

if the person was an eligible employee in relation to the company when the person retired from office. In applying this subsection, disregard superannuation which is required by statute to be paid.

(139) Schedule 5, page 191 (after line 13), after item 5, insert:

**5B After subsection 200G(3)**

Insert:

(3A) The amount worked out under this subsection is:

- (a) if the relevant period for the person is less than 12 months—a reasonable estimate of the total remuneration that the person would have received from the company and the related bodies corporate during the relevant period if the relevant period had been 12 months; or
- (b) if the relevant period for the person is 12 months—the total remuneration that the person received from the company and related bodies corporate in the relevant period; or
- (c) if the relevant period for the person is more than 12 months—the total remuneration that the person received from the company and related bodies corporate in the last 12 months of the relevant period.

(3B) For the purposes of subsection (3A), if a person has held an office in relation to a company:

- (a) throughout a period; or
- (b) throughout a number of periods; the relevant period for that person is that period or the period consisting of the total of those periods.

(140) Schedule 5, page 191 (after line 13), after item 5, insert:

**5C After section 201D**

Insert:

**201DA Special rules for the appointment of listed corporation directors**

- (1) A notice of meeting of a listed corporation at which a person is standing for election as a director must contain the following information for each person standing for election, or re-election, as a director:
  - (a) any relationship between that person and any director of the company which may affect the independent conduct of the duties of a director; and
  - (b) any relationship between that person and the company which may affect the independent conduct of that person's duties as a director; and
  - (c) all other public company directorships currently held by that person; and
  - (d) any other information required by the regulations.
- (2) A person standing for election or re-election must give the company any information the company needs to comply with subsection (1).

(141) Schedule 5, page 191 (after line 13), after item 5, insert:

**5D After section 202C**

Insert:

**202D Certain payments not to be made**

A listed corporation must not pay or otherwise provide the following types of remuneration to a director who is not an executive of the listed corporation in consideration of the performance of duties by the director as a director of the listed corporation:

- (a) options that are granted over shares of the listed corporation;
- (b) bonus payments;
- (c) retirement benefits other than superannuation which is required by statute to be paid;
- (d) other forms of remuneration specified by the regulations.

**202E Limited-recourse loans**

- (1) A listed corporation must not provide limited-recourse loans to its directors, or senior managers or employees. For the purposes of this section, a *limited-recourse loan* is any loan where:
  - (a) the loan is made by the listed corporation (or an associate of the listed corporation) to a director or senior manager or employee of the listed corporation;
  - (b) the loan is used to purchase shares or securities of the listed corporation; and
  - (c) the borrower's liability to repay the principal is limited to the sale price of the shares or securities purchased by the borrower.
- (2) Subsection (1) does not apply to a loan provided by a company if the company's ordinary business includes providing finance and the loan is provided in the ordinary course of that business and on ordinary commercial terms available to clients of the company.

**202F Shareholder approval of securities to be issued to directors**

- (1) A listed corporation must not issue a security of the listed corporation to a director of a listed corporation without member approval as set out in this section.
  - (2) Where member approval is required by subsection (1), it must be approved by a special resolution passed at a general meeting of the listed corporation.
  - (3) Details of the securities to be issued must be set out in or accompany the notice of meeting at which the resolution is to be considered.
  - (4) Subsection (1) does not apply to an issue of a security if member approval is not required under the provisions of the listing rules of a listing market in relation to the listed corporation.
- (142) Schedule 5, item 11, page 192 (after line 16), at the end of the item, add:

- (aa) the discussion of board policy in paragraph (a) must include:
  - (i) a discussion of the relationship between such policy and the company's performance;
  - (ii) a detailed summary of the performance conditions where any element of remuneration is subject to a performance condition;
  - (iii) an explanation as to why such performance conditions were chosen;
  - (iv) a summary of the methods used in assessing whether any such performance conditions are met and an explanation as to why those methods were chosen;
  - (v) if any such performance condition involves any comparison with factors external to the company:
    - (A) a summary of the factors to be used in making each comparison; and
    - (B) if any of the factors relates to the performance of another company, or two or more other companies, or of an index on which the securities of a company or companies are listed, the identity of that company, of each of those companies or of the index; and
  - (vi) in relation to persons described in paragraph (c), where any entitlement to securities is received which is not subject to performance conditions, an explanation as to why that is the case;
  - (vii) in relation to persons described in paragraph (c), an explanation of the relative importance of those elements which are related to performance and those elements which are not related to performance in respect of the terms and

- conditions of the person's remuneration; and
- (viii) such other matters as may be prescribed by the regulations; and
- (143) Schedule 5, item 12, page 192 (after line 30), at the end of the item, add:
- (d) the following details in relation to the remuneration of:
- (i) each director of the company; and
- (ii) each of the 5 named company executives who receive the highest remuneration for that year:
- (A) the value of options granted, exercised and lapsed unexercised during the year and their aggregation;
- (B) the percentage of the person's remuneration for the financial year that is made up of options granted to the person in that year;
- (C) an explanation of the company's policy on the duration of the contract, the notice periods and termination payments under such contracts;
- (D) details of any equity value protection scheme entered into by them or on their behalf.
- For the purposes of this paragraph, *equity value protection scheme* means any financial arrangement which results in the director or executive retaining legal ownership of unvested equity in the company the value of which to the director or executive remains fixed regardless of changing market values of the equity.
- For the purposes of this paragraph, *unvested equity* means equity in the company which has been issued to the particular director or executive by the company pursuant to a director or employee equity scheme and where:
- (i) the equity was issued subject to vesting arrangements over time and the equity has yet to vest; or
- (ii) the equity forms part of a minimum holding requirement imposed on the director or executive by the company.
- (e) a line graph which plots for each of the most recent 5 financial years the total shareholder return on:
- (i) the holding of shares of that class of the company's equity share capital whose listing, or admission to dealing, has resulted in the company falling within the definition of a listed company; and
- (ii) a hypothetical holding of shares made up of shares of the same kind and number as those by reference to which a broad equity market index is calculated;
- and state the name of the index selected for the purposes of the graph and set out the reasons for selecting that index.
- (144) Schedule 5, item 12, page 192 (after line 30), at the end of the item, add:
- (1A) The details in relation to remuneration prescribed in paragraph (1)(c) must include the total remuneration of each director and company officer where the value of the total remuneration is equal to or exceeds 20 times the full-time adult ordinary time earnings as periodically reported by the Australian Bureau of Statistics.
- (145) Schedule 5, item 15, page 193, omit "5 penalty units", substitute "50 penalty units".
- (146) Schedule 5, item 15, page 193, omit "5 penalty units", substitute "100 penalty units".
- (147) Schedule 5, item 17, page 194, omit "5 penalty units", substitute "100 penalty units".
- (148) Schedule 6, page 195 (after line 12), after item 1, insert:

**1A Before subsection 674(3)**

Insert:

- (2B) A person does not contravene subsection (2A) if the person proves that they:
  - (a) took all steps (if any) that were reasonable in the circumstances to ensure that the listed disclosing entity complied with its obligations under subsection (2); and
  - (b) after doing so, believed on reasonable grounds that the listed disclosing entity was complying with its obligations under that subsection.

(149) Schedule 6, page 195 (after line 20), after item 2, insert:

**2A Before subsection 675(3)**

Insert:

- (2B) A person does not contravene subsection (2A) if the person proves that they:
  - (a) took all steps (if any) that were reasonable in the circumstances to ensure that the disclosing entity complied with its obligations under subsection (2); and
  - (b) after doing so, believed on reasonable grounds that the disclosing entity was complying with its obligations under that subsection.

(150) Schedule 6, item 9, page 204 (line 18), after “not”, insert “, by reason only of subsection (3) being satisfied,”.

(151) Schedule 6, item 9, page 207 (line 29), after “the”, insert “determination,”.

(152) Schedule 7, page 213 (after line 4), before item 4, insert:

**3A Section 9 (paragraph (a) of the definition of *continuously quoted securities*)**

After “prospectus”, insert “or Product Disclosure Statement”.

(153) Schedule 7, item 15, page 217 (line 38), omit “and”, substitute “or”.

(154) Schedule 8, page 227 (after line 5), before item 1, insert:

**1A Section 9**

Insert:

***voting authority*** means, in respect of an entity, that the entity:

- (a) is entitled to attend and cast a vote;
- (b) is entitled to appoint a proxy to attend and cast a vote for that entity; or
- (c) has the power to direct another entity to vote in the way in which the firstmentioned entity directs;

at a meeting of a listed corporation’s members where the corporation is listed on the Australian Stock Exchange. An entity does not have voting authority if the entitlement in paragraph (a) or (b) arises solely because another entity directs the firstmentioned entity to vote in the way in which the secondmentioned entity directs. An exercise of voting authority includes considering a resolution and not voting on that resolution but does not include not considering a resolution and not voting on that resolution.

(155) Schedule 8, page 227 (after line 5), before item 1, insert:

**1B Section 9**

Insert:

***voting disclosure*** means, in respect of voting policies and voting records, making the policies and records publicly available in printed or electronic form where electronic form includes publishing on the Internet on the website of the relevant entity.

(156) Schedule 8, page 227 (after line 5), before item 1, insert:

**1C Section 9**

Insert:

***voting policy*** means, in respect of an entity with voting authority, a clear, concise, effective and up-to-date statement of the basis on which the entity exercises or, if applicable, does not ex-

ercise, its voting authority, including, without limitation:

- (a) the circumstances in which the entity will exercise its voting authority for or against the management of listed corporations;
- (b) the manner in which the entity exercises its voting authority in relation to material resolutions (as defined in the regulations);
- (c) the currency date of the policy; and
- (d) any other matter prescribed by the regulations.

(157) Schedule 8, page 227 (after line 5), before item 1, insert:

**1D Section 9**

Insert:

*voting record* means a record, produced annually, that summarises the manner in which an entity exercised its voting authority for the relevant year and must include:

- (a) for each listed corporation for which the entity has exercised its voting authority in respect of at least one resolution during the relevant year:
  - (i) the corporation's name;
  - (ii) the symbol used in the prescribed financial market for the corporation;
  - (iii) the member meeting date;
  - (iv) a clear and concise description of each resolution that was voted on by members;
  - (v) whether the resolution was proposed by the management of the listed corporation or by a member;
  - (vi) whether the entity voted for or against the resolution;
  - (vii) if the entity did not vote for or against the resolution, whether the entity considered the resolution but did not vote or did not consider the resolution and did not vote;
- (viii) whether the entity voted for or against the management of the listed corporation; and
- (b) for all the listed corporations in respect of which the entity has voting authority, the total number of resolutions for which the entity:
  - (i) exercised its voting authority;
  - (ii) did not exercise its voting authority;
  - (iii) voted for a resolution;
  - (iv) voted against a resolution;
  - (v) considered a resolution but did not vote;
  - (vi) did not consider a resolution and did not vote;
  - (vii) voted for the management of the listed corporation;
  - (viii) voted against the management of the listed corporation; and
- (c) any other matter prescribed by the regulations.

(158) Schedule 8, page 227 (before line 8), after item 1, insert:

**2A At the end of paragraph 249D(1)(b)**

Add “, being members who hold:

- (i) a minimum of 100 shares each; and
- (ii) the value of the shareholding per member is not less than \$500.”.

(159) Schedule 8, page 229 (after line 12), after item 9, insert:

**9A Subsections 250A(4) and (5)**

Repeal the subsections, substitute:

- (4) An appointment may specify the way the proxy is to vote on a particular resolution. If it does:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to



vote on the resolution—the proxy must not vote on a show of hands;

- (c) if the proxy is the chair—the proxy must vote on a poll, and must vote as directed in respect of each appointment; and
- (d) if the proxy votes on a poll and if the proxy has 2 or more appointments that specify different ways to vote on the resolution—the proxy must vote on a poll as directed in respect of each appointment.

If a proxy is also a member, this subsection does not affect the way that person can cast any votes he or she holds as a member.

- (5) A person who contravenes subsection (4) is guilty of an offence.

(160) Schedule 8, page 230 (after line 16), after item 14, insert:

**14A After section 250T**

Insert:

***250U Confirmation of appointment of Chair***

- (1) At the first AGM following the appointment of a new person as chair of a listed corporation's board of directors where that corporation was at the date that the notice convening the AGM (the *notice date*) one of the top 300 listed companies on the Australian Stock Exchange by market capitalisation, a resolution confirming the appointment of that person as chair of that listed corporation's board of directors must be put to the vote where that person (at the notice date) was also the chair of another company which was one of the top 300 listed companies on the Australian Stock Exchange by market capitalisation.

Note: Under subsection 249L(2), the notice of the AGM must inform members that this resolution will be put at the AGM.

- (2) The vote on the resolution is advisory only and does not bind the directors or the listed corporation.

(161) Schedule 8, page 230 (after line 16), after item 14, insert:

**14B At the end of the subsection 251AA(1)**

Add:

- ; and (c) if a resolution is withdrawn prior to the meeting, the nature of the resolution and a statement that it was withdrawn.

(162) Schedule 8, page 230 (after line 16), after item 14, insert:

**14C At the end of subsection 300(10)**

Add:

- ; and (d) the qualifications and experience of each person who is a company secretary of the company as at the end of the year.

(163) Schedule 8, page 230 (after line 22), after item 15, insert:

**15A At the end of section 300**

Add:

- (16) Where the listing rules of a listed market operator require the disclosure of substantial shareholding information in the annual report, the list of substantial shareholders in the annual report must include the name of a person which is disclosed to the listed company or responsible entity under section 672A or 672C and is kept in the register in accordance with 672DA.

(164) Schedule 8, page 231 (after line 9), after item 16, insert:

**16A At the end of section 601FC**

Insert:

- (7) If a responsible entity has voting authority, then the responsible entity:
  - (a) should exercise that voting authority in every case where the responsible entity has voting authority; and
  - (b) subject to subsection (8), must maintain a voting record; and

- (c) must establish a voting policy.
- (8) A responsible entity is not required to maintain a voting record if the entity does not exercise its voting authority over the period that would otherwise be covered by the voting record.
- (9) If a responsible entity is required by subsection (7) to establish a voting policy then the responsible entity must make voting disclosure.
- (165) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- Life Insurance Act 1995**
- 18 At the end of section 43**
- Add:
- (8) If a life company has voting authority, then the life company:
- (a) should exercise that voting authority in every case where the life company has voting authority; and
- (b) subject to subsection (9), must maintain a voting record; and
- (c) must establish a voting policy.
- (9) A life company is not required to maintain a voting record if the life company does not exercise its voting authority over the period that would otherwise be covered by the voting record.
- (10) If a life company is required by subsection (8) to establish a voting policy then the life company must make voting disclosure.
- (11) A contravention of subsection (8), (9) or (10) is prohibited by the regulations.
- (166) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- 19 At the end of the Schedule**
- Add:
- voting authority* has the same meaning as in the *Corporations Act 2001*.
- voting disclosure* has the same meaning as in the *Corporations Act 2001*.
- voting policy* has the same meaning as in the *Corporations Act 2001*.
- voting record* has the same meaning as in the *Corporations Act 2001*.
- (167) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- Superannuation Industry (Supervision) Act 1993**
- 20 Section 10**
- Insert:
- voting authority* has the same meaning as in the *Corporations Act 2001*.
- (168) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- 21 Section 10**
- Insert:
- voting disclosure* has the same meaning as in the *Corporations Act 2001*.
- (169) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- 22 Section 10**
- Insert:
- voting policy* has:
- (a) the same meaning as in the *Corporations Act 2001*; or
- (b) where any part of a voting policy relates to the voting records of an investment manager, that part of the voting policy will be a clear, concise, effective and up-to-date statement of the basis on which the entity is influenced by the voting records of an investment manager in choosing an investment manager and such a statement will include:
- (i) the extent to which the choice of investment manager is influenced by this paragraph; and
- (ii) the currency date of that part of the policy; and
- (iii) any other matter prescribed by the regulations.
- (170) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:
- 23 Section 10**
- Insert:

*voting record* has the same meaning as in the *Corporations Act 2001*.

(171) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:

**24 At the end of paragraph 52(2)(f)**

Add:

- (v) if applicable, the voting records and voting policy of the entity and, if the entity has engaged an investment manager, the voting records of entity's investment manager that relate to investments made on behalf of the entity;

(172) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:

**25 At the end of paragraph 102(1)(a)**

Add:

- (iii) to provide the voting records of the investment manager, or that part of the voting records of the investment manager, that relate to investments made on behalf of the entity; and

(173) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:

**26 After section 105**

Insert:

**105A Duty to exercise voting authority**

- (1) If the trustee of a superannuation entity, other than a self-managed superannuation fund, has voting authority, then the trustee:
  - (a) must exercise that voting authority in every case where the trustee has voting authority in relation to material resolutions; and
  - (b) should exercise that voting authority in every other case where the trustee has voting authority; and
  - (c) must maintain a voting record.
- (2) If an investment manager has voting authority, then the investment manager:
  - (a) must exercise that voting authority in every case where the investment

manager has voting authority in relation to material resolutions; and

- (b) should exercise that voting authority in every other case where the investment manager has voting authority; and
  - (c) must maintain a voting record.
- (3) The trustee is guilty of an offence if the trustee contravenes subsection (1). This is an offence of ordinary liability.

Maximum penalty: 100 penalty units.

- (4) The investment manager is guilty of an offence if the investment manager contravenes subsection (2). This is an offence of ordinary liability.

Maximum penalty: 100 penalty units.

- (5) In this section, *material resolution* has the same meaning as in the *Corporations Regulations 2001*.

(174) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:

**27 After section 105**

Insert:

**105B Duty to establish a voting policy**

- (1) If the trustee of a superannuation entity is:
  - (a) required by section 105A to maintain voting records; or
  - (b) engages an investment manager and that investment manager is required by section 105A to maintain voting records;
 then the trustee must establish a voting policy.
- (2) The trustee is guilty of an offence if the trustee contravenes subsection (1). This is an offence of ordinary liability.

Maximum penalty: 100 penalty units.

(175) Schedule 8, page 231 (after line 22), at the end of the Schedule, add:

**28 After section 105**

Insert:

**105C Duty to disclose voting records and voting policies**

- (1) If a trustee of a superannuation entity is required by sections 105A and 105B to maintain voting records and establish voting policies then the trustee must make voting disclosure at least annually.
- (2) The trustee is guilty of an offence if the trustee contravenes subsection (1). This is an offence of ordinary liability.

Maximum penalty: 100 penalty units.

(176) Schedule 10, page 241 (after line 13), at the end of the Schedule, add:

**2 At the end of Chapter 6CA**

Add:

**678A Other disclosures**

- (1) Presentations given by a listed corporation during an analyst briefing shall be made generally available to all members of that corporation as prescribed by the regulations.
- (2) For the purposes of subsection (1), an analyst briefing is a briefing provided to a representative or representatives of financial institutions regarding the performance or operation of a listed corporation.

(177) Schedule 10, page 241 (after line 13), at the end of the Schedule, add:

**3 Section 9**

Insert:

*analyst* means the employee or authorised representative of the financial services licensee who prepares a research report.

**4 Section 9**

Insert:

*research report* has a meaning as defined in the regulations.

**5 After Division 4 of Part 7.7**

Insert:

**Division 4A—Analyst independence**

**950D Disclosures required in research report**

- (1) Subject to subsection (2), a research report which is provided to a retail client must include the following:
  - (a) information about the remuneration or other benefits that the analyst may receive that might reasonably be expected to be capable of influencing the analyst in preparing the research report; and
  - (b) information about:
    - (i) any other interests of which the analyst is aware, whether pecuniary or not and whether direct or indirect, of the analyst or the financial services licensee who employs the analyst or for whom the analyst is an authorised representative that might reasonably be expected to be capable of influencing the analyst in preparing the research report; and
    - (ii) any associations or relationships of which the analyst is aware between the analyst or the financial services licensee who employs the analyst or for whom the analyst is an authorised representative, and the listed corporation that is the subject of the research report, that might reasonably be expected to be capable of influencing the analyst in preparing the research report; and
  - (c) any other information required by the regulations.
- (2) The requirements set out in subsection (1) do not apply in the situations set out in the regulations.
- (3) A more detailed statement of the information required by one or more provisions of subsection (1) may be provided in the regulations.

**950E Restrictions on issue of research reports**

- (1) A financial services licensee must not issue a research report to a retail client regarding a listed corporation for which the analyst or the employer of the analyst acted as manager or co-manager of an initial public offering of securities for that corporation within the period prescribed by the regulations.
- (2) A financial services licensee must not issue a research report to a retail client regarding a listed corporation for which the analyst or the employer of the analyst acted as manager or co-manager of any offering of securities (other than an initial public offering of securities) for that corporation within the period prescribed by the regulations.
- (3) Notwithstanding subsections (1) and (2), a financial services licensee may issue a research report to a retail client that is issued due to significant news and events.

**950F Current reports**

- (1) An analyst must not trade in securities that are the subject of the latest research report, prepared by the analyst and published within the period prescribed in the regulations.
- (2) Except as prescribed in the regulations, an analyst must not trade in securities in a manner that is inconsistent with a recommendation or opinion contained in the latest research report prepared by that analyst and published in the period prescribed in the regulations.

**950G Trading in company securities**

- (1) A listed corporation must establish a policy concerning trading in the company's securities by directors, officers and employees.
- (2) The policy must be made publicly available in printed or electronic form (where electronic form includes publishing on the Internet on the website of the relevant entity).

(178) Schedule 11, page 242 (after line 14), after item 3, insert:

**3A After subsection 136(3)**

Insert:

- (3A) Any further requirement specified in the constitution must not be inconsistent with this Act.
- (3B) If a company has an existing further requirement in the constitution which is inconsistent with this Act, it is void.
- (3C) Subsections (3A) and (3B) are subject to the exceptions in the regulations.

(179) Page 243 (after line 21), after Schedule 11, insert:

***Schedule 11A—Register of information about relevant interests***

**Corporations Act 2001**

**1 Subsection 168(1) (after note 1)**

Insert:

Note 1A: See also section 672DA (register of relevant interests in listed company or registered scheme).

**2 After section 672D**

Insert:

***672DA Register of information about relevant interests in listed company or listed managed investment scheme***

- (1) A listed company, or the responsible entity for a listed managed investment scheme, must keep a register of the following information that it receives under this Part on or after 1 January 2005 (whether the information is received pursuant to a direction the company, or responsible entity, itself gives under section 672A or is received from ASIC under section 672C):
  - (a) details of the nature and extent of a person's relevant interest in shares in the company or interests in the scheme;
  - (b) details of the circumstances that give rise to a person's relevant interest in shares in the company or interests in the scheme;

- (c) the name and address of a person who has a relevant interest in shares in the company or interests in the scheme;
- (d) details of instructions that a person has given about:
- (i) the acquisition or disposal of shares in the company or interests in the scheme; or
  - (ii) the exercise of any voting or other rights attached to shares in the company or interests in the scheme; or
  - (iii) any other matter relating to shares in the company or interests in the scheme;
- (e) the name and address of a person who has given instructions of the kind referred to in paragraph (d).  
The register must be kept in accordance with this section.
- (2) A register kept under this section by a listed company must be kept at:
- (a) the company's registered office; or
  - (b) the company's principal place of business in this jurisdiction; or
  - (c) a place in this jurisdiction (whether or not an office of the company) where the work involved in maintaining the register is done; or
  - (d) another place in this jurisdiction approved by ASIC.
- (3) A register kept under this section by the responsible entity of a listed managed investment scheme must be kept at:
- (a) the responsible entity's registered office; or
  - (b) the responsible entity's principal place of business in this jurisdiction; or
  - (c) a place in this jurisdiction (whether or not an office of the responsible entity) where the work involved in maintaining the register is done; or
  - (d) another place in this jurisdiction approved by ASIC.
- (4) The company, or the responsible entity, must lodge with ASIC a notice of the address at which the register is kept within 7 days after the register is:
- (a) established at a place that:
    - (i) is not the registered office of the company or responsible entity; and
    - (ii) is not at the principal place of business of the company or responsible entity in this jurisdiction; or
  - (b) moved from one place to another.  
Notice is not required for moving the register between the registered office and the principal place of business in this jurisdiction.  
Note: The obligation to notify ASIC under this subsection is a continuing obligation and the company or responsible entity is guilty of an offence for each day, after the 7 day period, until ASIC is notified (see section 4K of the *Crimes Act 1914*).
- (5) An offence based on subsection (2), (3) or (4) is an offence of strict liability.  
Note: For strict liability, see section 6.1 of the *Criminal Code*.
- (6) The register must either contain:
- (a) the name of each holder of shares in the company, or interests in the scheme, to whom the information relates; and
  - (b) against the name of each such holder:
    - (i) the name and address of each other person (if any) who, according to information the company, or the responsible entity, has received under this Part on or after 1 January 2005, has a relevant interest in any of the shares or interests (together with details of the relevant interest and of the circumstances because of which

- the other person has the relevant interest); and
- (ii) the name and address of each person who, according to information received by the company, or the responsible entity, under this Part on or after 1 January 2005, has given relevant instructions in relation to any of the shares or interests (together with details of those relevant instructions); and
- (c) in relation to each item of information entered in the register, the date on which the item was entered in the register;
  - or be in such other form as ASIC approves in writing.
- (7) The register must be open for inspection:
  - (a) by any member of the company or scheme—without charge; and
  - (b) by any other person:
    - (i) if the company, or the responsible entity, requires the payment of a fee for the inspection—on payment of the fee; or
    - (ii) if the company, or the responsible entity, does not require the payment of a fee for the inspection—without charge.

The amount of the fee required by the company, or the responsible entity, under subparagraph (b)(i) must not exceed the amount prescribed by the regulations for the purposes of this subsection.

- (8) A person may request the company, or the responsible entity, to give to the person a copy of the register (or any part of the register) and, if such a request is made, the company, or the responsible entity, must give the person the copy:
  - (a) if the company, or the responsible entity, requires payment of a fee for the copy:

- (i) before the end of 21 days after the day on which the payment of the fee is received by the company or the responsible entity; or
- (ii) within such longer period as ASIC approves in writing; or
- (b) if the company, or the responsible entity, does not require payment of a fee for the copy:
  - (i) before the end of 21 days after the day on which the request is made; or
  - (ii) within such longer period as ASIC approves in writing.

The amount of the fee required by the company, or the responsible entity, under paragraph (a) must not exceed the amount prescribed by the regulations for the purposes of this subsection.

Note: The obligation to give the copy under this subsection is a continuing obligation and the company or responsible entity is guilty of an offence for each day, after the period referred to in paragraph (a) or (b), until the copy is given (see section 4K of the *Crimes Act 1914*).

- (9) The information that subsection (6) requires to be entered in the register must be entered in the register by the company, or the responsible entity, before the end of 2 business days after the day on which the company, or the responsible entity, receives the information.

Note: The obligation to enter the details in the register under this subsection is a continuing obligation and the company or responsible entity is guilty of an offence for each day, after the 2 business day period, until the details are entered in the register (see section 4K of the *Crimes Act 1914*).

**3 Schedule 3 (after table item 229)**

Insert:

- 229AA Subsections 10 penalty units.  
672DA(1),  
(2), (3), (4),  
(6), (7), (8)  
and (9)
- (180) Schedule 12, item 1, page 244 (after line 17), at the end of section 285, add:  
*Schedule 1 commencement* means the day on which Schedule 1 to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* commences.
- (181) Schedule 12, item 1, page 244 (line 25), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (182) Schedule 12, item 1, page 244 (line 26), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (183) Schedule 12, item 1, page 245 (line 3), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (184) Schedule 12, item 1, page 245 (line 4), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (185) Schedule 12, item 1, page 245 (line 10), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (186) Schedule 12, item 1, page 245 (line 11), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (187) Schedule 12, item 1, page 245 (line 18), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (188) Schedule 12, item 1, page 245 (line 19), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (189) Schedule 12, item 1, page 245 (line 21), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (190) Schedule 12, item 1, page 245 (line 22), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (191) Schedule 12, item 1, page 245 (lines 28 and 29), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (192) Schedule 12, item 2, page 246 (after line 13), at the end of section 1453, add:  
*Schedule 1 commencement* means the day on which Schedule 1 to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* commences.  
*Schedule 4 commencement* means the day on which Schedule 4 to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* commences.  
*Schedule 5 commencement* means the day on which Schedule 5 to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* commences.  
*Schedule 8 commencement* means the day on which Schedule 8 to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* commences.
- (193) Schedule 12, item 2, page 246 (line 29), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (194) Schedule 12, item 2, page 247 (lines 6 to 10), omit subsection 1455(4), substitute:  
(4) Standards prescribed under subsection (1) do not have effect as auditing standards:  
(a) in relation to financial reports for periods ending after 30 June 2006;  
or  
(b) in relation to financial reports for periods ending after a later date specified by regulations made for the purposes of subsection (1) before 30 June 2006.
- (195) Schedule 12, item 2, page 247 (line 26), omit “1 July 2004”, substitute “the Schedule 1 commencement”.
- (196) Schedule 12, item 2, page 247 (lines 32 to 34), omit subsection 1457(1), substitute:



- (1) The requirement under section 1287A for a registered company auditor to lodge an annual statement applies from the first anniversary of the auditor's registration that occurs on or after 1 January 2005.
- (197) Schedule 12, item 2, page 248 (line 6), omit "31 December 2004", substitute "the first anniversary of registration occurring on or after 1 January 2005".
- (198) Schedule 12, item 2, page 248 (line 11), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (199) Schedule 12, item 2, page 248 (line 25), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (200) Schedule 12, item 2, page 248 (line 27), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (201) Schedule 12, item 2, page 248 (line 31), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (202) Schedule 12, item 2, page 248 (line 32), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (203) Schedule 12, item 2, page 249 (line 11), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (204) Schedule 12, item 2, page 249 (line 13), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (205) Schedule 12, item 2, page 249 (line 14), omit "(2A)", substitute "(3)".
- (206) Schedule 12, item 2, page 249 (line 16), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (207) Schedule 12, item 2, page 249 (line 17), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (208) Schedule 12, item 2, page 249 (line 20), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (209) Schedule 12, item 2, page 249 (line 23), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (210) Schedule 12, item 2, page 249 (line 26), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (211) Schedule 12, item 2, page 249 (line 29), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (212) Schedule 12, item 2, page 249 (line 32), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (213) Schedule 12, item 2, page 250 (line 3), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (214) Schedule 12, item 2, page 250 (line 5), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (215) Schedule 12, item 2, page 250 (line 7), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (216) Schedule 12, item 2, page 250 (line 9), omit "on 1 July 2004", substitute "on the Schedule 1 commencement".
- (217) Schedule 12, item 2, page 250 (line 9), omit "after 1 July 2004", substitute "after the Schedule 1 commencement".
- (218) Schedule 12, item 2, page 250 (line 13), omit "1 July 2004", substitute "the Schedule 1 commencement".
- (219) Schedule 12, item 2, page 251 (lines 1 to 3), omit subsection 1465(3), substitute:
- (3) The amendments made by Part 3 of Schedule 2 apply to financial reports lodged with ASIC on or after 1 January 2004.
- (220) Schedule 12, item 2, page 251 (lines 14 and 15), omit "1 July 2004", substitute "the Schedule 4 commencement".
- (221) Schedule 12, item 2, page 251 (line 25), after "4", insert ", 4A".
- (222) Schedule 12, item 2, page 251 (line 27), omit "1 July 2004", substitute "the Schedule 5 commencement".
- (223) Schedule 12, item 2, page 251 (after line 30), at the end of section 1468, add:
- (4) The amendments made by section 201DA of item 5C and section 202F of

item 5D of Schedule 5 to the amending Act apply after 1 October 2004.

(224) Schedule 12, item 2, page 253 (line 8), omit “1 July 2004”, substitute “the Schedule 8 commencement”.

(225) Schedule 12, item 2, page 253 (after line 8), after subsection 1471(2), insert:

(2A) The amendments made by item 14A of Schedule 8 to the amending Act apply to an AGM held on or after 1 October 2004.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.44 p.m.)—I would indicate to the House that the Government proposes that amendments Nos (1) to (11), (21) to (27), (35), (37) to (42), (45) to (84), (87) to (90), (93) to (107), (111) to (113), (120) to (126), (128) and (129), (131) to (133), (136), (148) to (153), (179) to (222) and (224) be agreed to, and that amendments Nos (12) to (20), (28) to (34), (36), (43) and (44), (85) and (86), (91) and (92), (108) to (110), (114) to (119), (127), (130), (134) and (135), (137) to (147), (154) to (178), (223) and (225) be disagreed to. I suggest, therefore, that it may suit the convenience of the House first to consider amendments Nos (1) to (11), (21) to (27), (35), (37) to (42), (45) to (84), (87) to (90), (93) to (107), (111) to (113), (120) to (126), (128) and (129), (131) to (133), (136), (148) to (153), (179) to (222) and (224) and when those amendments have been disposed of, to consider amendments Nos (12) to (20), (28) to (34), (36), (43) and (44), (85) and (86), (91) and (92), (108) to (110), (114) to (119), (127), (130), (134) and (135), (137) to (147), (154) to (178), (223) and (225). Therefore, I move:

That Senate amendments Nos (1) to (11), (21) to (27), (35), (37) to (42), (45) to (84), (87) to (90), (93) to (107), (111) to (113), (120) to (126), (128), (129), (131) to (133), (136), (148) to (153), (179) to (222) and (224) be agreed to.

We have a series of amendments, in fact 227 altogether, I think, have been put in the Senate, and I apologise for the confusion as to which we are agreeing to and which we are not agreeing to. The government has made a significant number of them, and they are in effect finetuning the largely technical details of a fairly complex body of legislation following consultation with a wide range of affected industry groups. The government amendments are relatively non-controversial and I would not expect them to present difficulties to the House. For those reasons, we are proposing the amendments to the House and seeking the opposition’s support.

**Mr COX** (Kingston) (6.50 p.m.)—The opposition will support the government’s amendments.

Question agreed to.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.50 p.m.)—I move:

That amendments Nos (12) to (20), (28) to (34), (36), (43), (44), (85), (86), (91), (92), (108) to (110), (114) to (119), (127), (130), (134), (135), (137) to (147), (154) to (178), (223) and (225) be disagreed to.

The government is taking what we would regard as a principles based approach. The alternative, which has been adopted in some other parts of the world—most particularly the United States—is a much more prescriptive black-letter law approach which seeks to micromanage the decisions being made across the corporate sector. Our approach has been more to adopt broad principles and seek to have them upheld.

The amendments proposed cover a range of areas, including executive remuneration, shareholder participation, audit oversight and auditor independence. Many of the amendments are highly prescriptive and do not reflect the principles based approach adopted in the bill. In addition, the amendments fail

to take account of requirements contained in industry guidelines, Australian accounting standards and guidance to be issued by the Australian Securities and Investments Commission. Accordingly, the House of Representatives does not accept these amendments.

**Mr COX** (Kingston) (6.52 p.m.)—The opposition will continue to press those amendments.

Question agreed to.

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (6.52 p.m.)—I present the reasons for the House disagreeing to Senate amendments Nos (12) to (20), (28) to (34), (36), (43), (44), (85), (86), (91), (92), (108) to (110), (114) to (119), (127), (130), (134), (135), (137) to (147), (154) to (178), (223) and (225), and I move:

That the reasons be adopted.

Question agreed to.

#### **BILLS RETURNED FROM THE SENATE**

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

Corporations (Fees) Amendment Bill (No. 2) 2003

Superannuation Laws Amendment (2004 Measures No. 1) Bill 2004

#### **EXTENSION OF CHARITABLE PURPOSE BILL 2004**

##### **Consideration of Senate Message**

Bill returned from the Senate with an amendment.

Ordered that the amendment be considered at the next sitting.

#### **US FREE TRADE AGREEMENT IMPLEMENTATION BILL 2004**

Cognate bill:

#### **US FREE TRADE AGREEMENT IMPLEMENTATION (CUSTOMS TARIFF) BILL 2004**

##### **Second Reading**

Debate resumed.

**The DEPUTY SPEAKER** (Hon. I.R. Causley)—The original question was that this bill be now read a second time. To this the honourable member for Rankin has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

**Mr DANBY** (Melbourne Ports) (6.54 p.m.)—The introduction of the **US Free Trade Agreement Implementation Bill 2004** into the parliament today, only a few months or weeks before a federal election and before the Senate select committee on this bill has completed its deliberations on the agreement, is yet another sign that the government is preparing for an election based on parliamentary stunts and electoral scare campaigns. We have had the stunt of the Marriage Legislation Amendment Bill 2004, with its so-called defence of the family against the threat of same-sex marriage. We have had the crude attempt by the Minister for Education, Science and Training to scare the parents of students at schools, including schools in my electorate, with the false allegation that a Labor government will take away their funding. Now we have this attempt to portray the Labor Party as anti-American and anti free trade, by stampeding this bill through the parliament on the eve of an election campaign.

The opposition has taken a consistent position on the US free trade agreement. It is a trade agreement, and a very important one—an agreement with the world’s largest economy and a major trading partner. But it is not a defining issue of our relationship with the

United States. It is not an agreement on which the US alliance hangs. It is a commercial agreement—no more and no less—and that is how it should be assessed. That is certainly how the US Congress will be assessing it, as they should.

The stand that this parliament takes on the agreement must be based on commercial judgment and not political or strategic considerations. All Australian governments have kept US-Australian strategic considerations and commercial issues separate, as the shadow trade minister pointed out on *AM* the other day. There will always be trade disputes between Australia and the US—the Deputy Speaker's political party is often very interested in Australia prosecuting those disputes with great vigour—since trade lobbies and exporting industries in both countries frequently have conflicting interests. But these should not be allowed to jeopardise our strategic relationship, which is based on shared values, shared history and common strategic interests, particularly in the troubled international era that we are in at the moment.

But now this government is trying to bundle up a trade agreement with the US alliance, alleging that anyone who questions the value of the agreement to Australia and Australian industries is somehow putting the alliance at risk and is therefore an enemy of Australia's security. This, of course, is not the view of the United States. It is a peculiar invention of this government. In my view, if anyone is risking damage to the US alliance in this debate, it is this cynical and opportunist government, which is linking trade and strategic interests in a way that is potentially very harmful to Australia's national interests. Instead of trying to ensure that there is bipartisan support for this trade agreement after a proper Senate investigation, this government is simply trying to ram it through before proper consideration has been given.

Labor is a free trade party and has been so ever since Gough Whitlam and Frank Crean broke with Labor's earlier protectionist traditions and sharply reduced tariffs across the board in 1973. After the years of wasted opportunity during the Fraser government, Labor, under Bob Hawke, Paul Keating and John Button, again took the initiative—for which it was widely hailed all around Australia—to liberalise and internationalise the Australian economy in the 1980s. Fairness dictates that I acknowledge that the Liberal Party supported those measures. There is only one protectionist party in this House, and that is The Nationals—and I am not sure about the honourable member for Cunningham's party. Labor has made it clear that it supports the principles of free trade and of bilateral trade agreements. Labor's platform says:

Labor will continue to pursue sensible trade liberalisation through effective multilateral strategies ...

It reinforces this by saying:

Labor remains firmly committed to realising our free trade objectives, through negotiations at the World Trade Organisation (WTO) and the Asia Pacific Economic Cooperation (APEC) forum, regional free trade agreements and bilateral market opening.

Last year the six Labor state premiers signed a joint statement supporting a US-Australia trade agreement, although not of course endorsing the details of the agreement, which were not known at that time. The NSW Premier, Bob Carr, said recently:

It is in Australia's interests to link ourselves with the world's most dynamic and creative economy. It's about more than trade, it is about more than investment, and it doesn't rule out Australia's growing economic relationship with East Asia.

Queensland's Premier Peter Beattie said:

I would expect the free trade agreement currently being negotiated between Australia and the

United States to give added impetus to our trading relationship.

He went on:

While this is a matter for the Australian Government, I support a robust and successful agreement wholeheartedly.

We need to be clear, however, that this is not a free trade agreement; it is an agreement which appears, on the basis of what we know so far, to liberalise trade in certain goods and services but not in others. It is a selective trade agreement, and its selectivity is based on politics. It is American politics, for instance, which has dictated that sugar is not included in the agreement. This House should remember that Australia's real national interest is in global free trade—being an efficient economy in practically all sectors. No bilateral agreement can be a substitute for progress in multilateral free trade through the Doha Round under the World Trade Organisation. The Minister for Trade has not mentioned the Doha Round in this House since February, and even then only in response to a motion moved by the honourable member for Rankin.

Under this government we have lost the leadership position on global free trade which we gained under the Hawke government when we took the lead, by establishing the Cairns Group as a multilateral lobbying group for global free trade. Instead, this government has placed its faith in bilateral trade agreements. The opposition is not opposed to bilateral agreements. The Hawke government signed Australia's first bilateral agreement with New Zealand in 1983. Bilateral trade agreements have their limits, however, which is why the Hawke government decided not to pursue a US trade agreement in 1985. We can see the limits of bilateral agreements in the present situation, when we have a potential conflict between our bilateral agreements with New Zealand, Thailand and Singapore on the one hand and the pro-

posed US agreement on the other. Australian clothing manufacturers can import materials from those countries, but they will not be able to include them in finished goods to be exported to the US, because this will violate the rules of origin provisions in the proposed agreement.

It is my privilege to represent in this House an electorate which is home to some of Australia's most important export industries, including the automotive industry, but also the fast-growing information technology, arts, higher education and media industries. All these industries have grown and flourished under the freer trade environment created by the economic reforms of the Hawke government. As many writers have noted, it is one of the great ironies of Australian politics that the Howard government is campaigning for re-election on the back of the sustained growth of the Australian economy which is mainly the result of Labor's economic reforms.

The automotive industry is a major source of employment in my electorate. Fishermans Bend in Melbourne Ports is the headquarters of General Motors Holden and its engine manufacturing operations in Australia. It is also the centre of Holden Innovation, which identifies future consumer needs and develops products, technologies and skills for Holden to compete in global markets. This plant directly employs 3,500 people and indirectly supports the employment of many more. The four-cylinder engine plant at Fishermans Bend exports 150,000 engines a year. Holden has now opened a plant which will export six-cylinder engines to the United States. Those engines will be put into American Pontiacs. This underlines the fact that the Australian automobile industry is now an export oriented industry.

Despite many predictions of doom over the last 20 years, the automotive industry in

my electorate has not only survived but grown and prospered under the Button car plan introduced in the Hawke years. Some share of the domestic market has been lost to imports as tariffs have fallen, but this has been more than compensated for by the overall growth of the market as car prices have fallen in real terms and also by the expanded exports made possible through the greater efficiency stimulated by increased competition.

What effect will a US-Australia trade agreement have on Australia's automotive industry and particularly on automotive exports? Some people have suggested recently that an agreement could lead to job losses in Australia because car manufacturers will be able to import more components from the US, rather than have them manufactured here in Australia. The possibility of loss of employment in car manufacturing is one that I would view with great concern, so it is important to know whether this concern is shared by the Australian automotive industry itself. Perhaps we will know authoritatively only when the Senate Select Committee on the Free Trade Agreement between Australia and the United States of America reports.

In a letter this month to the Senate select committee, Alison Terry from General Motors Holden said:

While the agreement provides immediate benefit in terms of the elimination of tariffs on components, it is only one of the many factors that are considered in sourcing decisions ... the industry operates with long lead times for product development, which also impacts planning and implementation activities with respect to potential new manufacturing sources. It is unlikely that the agreement will have an immediate impact on such decisions, but the benefits provided by the agreement will certainly form part of future considerations.

I interpret that to mean that, while a US-Australia trade agreement will not lead to

any immediate increase in component imports, in the longer term Holden and other Australian manufacturers might well decide to import more components, with a possible impact on employment.

That would concern me, but of course that is not the whole picture. The economic impact of any agreement to liberalise trade has to be seen as a total picture. As Alison Terry continued in her submission:

In Holden's view, the Australian economy will benefit from increased growth and dynamism through access to the large US market, particularly if the US service industry enters the Australian services market and raises prevailing standards of performance.

Consequently, the flow-on effects from stronger economic growth will in our view benefit the entire automotive industry and drive competition in the marketplace, thereby enhancing vehicle and component trade. In turn, this is likely to strengthen the competitive position of Holden's operations and their continued sustainability, which is an encouraging outcome with respect to future employment opportunities.

In other words, although there might be some loss of market share for local component manufacturers as a result of cheaper component imports, this would be more than offset by an increased demand for Australian cars, both in Australia and in our export markets. We should also remember that the trade in car components goes both ways. There are many efficient and innovative car component manufacturers in Melbourne who will have improved access to the US market under a free trade agreement. The possible loss of market to imported components can therefore be offset by gains through component exports.

Knowing how this will affect the automotive industry and other industries is one of the reasons we need to wait until the Senate select committee reports. While I accept some of the benefits, I point out that this is

exactly what happened to the automotive industry following the tariff reductions during the Hawke government. Increased competition from imports did not send Australian car manufacturers out of business. In fact, it led to increased sales, increased exports and thus to continued employment opportunities for Australian workers.

When the government announced earlier this year that it had completed the trade agreement negotiations, the Senate established a select committee to examine the detail of the agreement. As the shadow minister for trade, Senator Conroy, has pointed out, the US Congress is now taking at least three months to consider the agreement. I do not think I have to advise any of the members in here that the congress will be making some very tough and detailed assessments as to the effect of that agreement on the interests of various American industry groups concerned. Notwithstanding the great friendship Australia and the United States share and the recent welcome formation by representative Cal Dooley and other friendly American congressmen of an Australian congressional caucus, I think that the American congress, like we should, must consider agreements like this from the point of view of national commercial self-interest. If these commercial self-interests happen to coincide—as would be established by the Senate select committee—all the better.

This parliament should do no less than the American congress. It would be an abdication of our duty to safeguard Australia's national interest to have this bill rammed through before the Senate select committee had completed its work. The government's desire to use this issue as yet another political wedge against the opposition is, in my view, the very political force that is putting Australia's bipartisan interests in this particular treaty at risk. This is why Labor are taking the position that we are taking today in

relation to this bill. We will not be opposing the bill in the House, because we are in favour of free trade. We are in favour of a trade agreement with the United States, and we hope that the agreement that the government has negotiated will turn out to be in Australia's interests.

There are still many questions to be asked and answered. The most important of these relates to the Pharmaceutical Benefits Scheme. The PBS, established by the Chifley government, is one of the pillars of Australia's system of social equity, and the opposition treasure that particular pillar of Australian social equity. We have said that we will not support an agreement which undermines the PBS. There are also concerns expressed by people in my electorate about the impact of the agreement on some other sections of the arts industry in relation to Australian content provisions in radio and television, particularly in new forms of media into the future. I think it is absolutely proper that we wait for the full report of the Senate select committee until we take a final position. There is no reason why this decision has to be made now. After all, the US Congress will not conclude its deliberations on the agreement until the end of July.

In conclusion, since the government is trying to pre-empt the work of the Senate select committee, we cannot yet know with any certainty what effect the agreement will have on Australian industries and Australian jobs. We on this side are committed to free trade and to the opening up of the Australian economy, for which former Prime Minister Keating and former Prime Minister Hawke received due credit. We support a free trade agreement with the United States, but that does not mean we are bound to support any agreement this government negotiates. We reserve our right to make a final determination on the agreement when we see the report

of the committee and we will vote in the Senate on the basis of that determination.

**Mr HARTSUYKER** (Cowper) (7.10 p.m.)—I would have to say that it was with some surprise that I heard the member for Melbourne Ports, normally one of the more reasonable members on the benches opposite, proclaim that The Nationals are very much a protectionist party when the very minister who has negotiated so very strongly on behalf of this country in this free trade agreement we are here to discuss is in fact the Deputy Leader of The Nationals and the Minister for Trade, Mark Vaile. Also, I take some exception to any notion that we have a selective trade agreement because it is not credible to think that we are going to get everything we want in an agreement on trade. We have to come up with an arrangement that meets the needs of both sides—that meets the needs of the US and meets the needs of Australia. I think that Minister Vaile has done a sterling job in coming up with an arrangement which is going to be of great benefit to Australia. It is going to be of great benefit to the US and it is going to have a substantial impact on our future as a nation.

I think the FTA is an important milestone for Australia. It bears witness to the standing that Australia has in the international community. It bears witness to the strength of the Australia-US alliance and links in the international world. It is incredible to think that Latham Labor are potentially going to turn down a deal with one of the world's largest, most dynamic and progressive economies that offers far improved trading conditions. It is astounding! It was said that the successful conclusion of a free trade agreement with the US would alienate us from Asia. That is what the soothsayers on the opposition benches were saying. Certainly, I think that has been very much the line that has been pushed by Latham Labor and that has proven to be untrue. We have recently negotiated free trade

agreements with Thailand and Singapore and we have also been able to go some way along the path to investigating the possibility of a free trade agreement with one of the world's most populous countries—that being China.

The figures show that there are some very substantial benefits that this free trade agreement will bring. The figures produced by the Centre for International Economic Studies—and many members have previously quoted those figures—show that there is some \$6 billion per annum in benefit to the Australian economy within a decade, which represents some 0.7 per cent of GDP. That \$6 billion a year is not just a number. What does it mean? It means more jobs, higher living standards and a better future for Australians. It is not just a number; it is a real outcome that I and this government believe will be delivered as a result of the free trade agreement.

The benefits of this free trade agreement are not merely restricted to the financial benefits that will be derived by this country. I think that the free trade agreement will provide a strengthened association and will allow companies to build long-term relationships. Even in those areas where access to a particular market is phased in or is only relatively limited in the initial stages, it will provide the opportunity for many Australian firms to create critical associations with American companies, which may lead in the long term to far greater outcomes. I think when you look at the free trade agreement, the value of this agreement is very much more than a simple arithmetic sum of its parts. The potential associations which we can build will be of great benefit to this country into the future.

There will certainly be some very great improvements in our trading conditions. Admittedly, we did not get all we wanted,



but we have substantially improved our trading position. As a result of this agreement, some 97 per cent of US tariff lines on Australia's non-agricultural exports, excluding textiles and clothing, will be duty-free from day one. There will be greater benefits to the mining, metals and chemicals industries, to sectors including the motor vehicle and motor vehicle parts industry—which is of so much interest to the member for Melbourne Ports—and the seafood industry. They will all benefit under this free trade agreement. All trade in non-agricultural goods will be duty-free by 2015. It is a great outcome.

With regard to agriculture, there are also significant benefits, some of them immediate and some of them phasing in over time. Our beef producers will enjoy the immediate elimination of in-quota tariffs. Quotas will be increased over time and out-of-quota tariffs will be gradually phased out, such that free trade will be achieved by year 19, subject to some permanent safeguards. There will be improved access for dairy, wine, horticultural products, sheepmeat, cereal, seafood, wheat gluten, processed food, cottonseed and forest products. There are some fantastic opportunities for a range of our agricultural products. This agreement also preserves the single desk arrangements for the international marketing of commodities such as our sugar, wheat, rice and barley. This is a very good arrangement for Australia. The free trade agreement also retains the integrity of our important quarantine regime. Our right to protect our animal, plant and human health will be preserved by this agreement. That is very important to Australia and certainly something that was very close to the heart of the Minister for Trade when he was negotiating this arrangement.

Despite the benefits that our agricultural industries enjoy, it is regrettable however that we were not able to achieve all that we were seeking out of this agreement. I know

that Minister Vaile went to great lengths to improve the position of our sugar growers. Whilst in the chair, Mr Deputy Speaker Causley, I know that you do not represent an electorate but, when out of the chair and representing your constituency as the member for Page, I know you are very concerned about the plight of the sugar growers. I know that our highly efficient growers in the Clarence Valley were disappointed that they did not secure greater market access. However, despite that disappointment, I think it is important to note that, whilst there was no increase in access for sugar into the US market, there was no loss of existing quota. I think members in the industry, certainly many of the farmers to whom I have been speaking—many of our very efficient farmers—have been quite reasonable and have said that, just because we did not get what we wanted in sugar, that was no reason to not sign the free trade agreement, which could be of so much benefit to the country. Certainly I think that it would have been irresponsible and against the national interest to not have a deal purely because we could not make headway in relation to the very important sugar industry.

I would like to point out that the government has not left the sugar industry in the lurch. The \$444 million assistance package to the sugar industry will go quite some considerable way to alleviate the pressure that the sugar industry is currently under. We have a very efficient industry in the Clarence Valley and throughout Australia. Unfortunately, it is an industry that has to compete in one of the world's most corrupt markets, as you would well know, Mr Deputy Speaker Causley. Our growers, who operate efficiently on very well-run farms, have great difficulty competing not only with overseas farmers but with overseas federal treasuries as well. They have to compete with not only the farmers but the government wallets that

dole out the assistance to keep many overseas farmers in business.

The agreement also provides enhanced legal protection to guarantee market access and non-discriminatory treatment for Australian service providers in the US market. Growth in the services sector means that this protection is a significant concession in what is a rapidly growing market. Growth in the services market is occurring at a phenomenal rate. The ability of firms such as consulting engineers, architects, software designers—

**Mr Forrest**—The engineering profession.

**Mr HARTSUYKER**—A very fine profession. Many of those people are servicing clients around the country and around the world through the use of the Internet. Certainly in my electorate of Cowper, many people are operating their businesses from a regional location. Being able to operate in a regional environment and not being forced to operate in a capital city environment is providing greater opportunities for employment and great lifestyle choices for professionals. The free trade agreement has great potential benefit for those people who are providing services to access overseas markets.

I think that Australia's attractiveness as a destination for US investment will be improved by the legal guarantees and other measures that are being provided under the free trade agreement. Schedule 5 of the bill provides for the screening of foreign investments over certain limits. For sensitive investment sectors such as media, telecommunications and transport, the threshold is \$50 million. For other sectors, the threshold is \$800 million. I think improved capital flows will be great for Australia's GDP. It will help provide benefits to the nation as a whole.

I would now like to turn my attention to the PBS. There has been a great deal of misinformation peddled by the members opposite with regard to the impact of the free

trade agreement on the PBS. The PBS is very much a central pillar of our health system, one that this government is determined to protect and one that this government is determined to ensure remains sustainable into the long term. The intergenerational report raised some issues which we need to address. The growth in the PBS is a major issue of concern. But this government wants to protect our PBS. This government is going to ensure—and the government guarantees—that this free trade agreement will not be to the detriment of the PBS. In my electorate the PBS involves some \$35 million a year. This government is going to protect that very important pillar of our health system. Prices for drugs will not rise as a result of the free trade agreement. Despite the scare tactics of the members opposite, prices for drugs will not rise. This government ensured that one of the things that was definitely not negotiable in the negotiations was the PBS, ensuring that affordable access to medicines was guaranteed for Australians.

There have been some minor changes with regard to a mechanism being put in place so that, where a drug has been rejected for listing, the applicant will be able to seek a review, but it is important to note that this review cannot and will not override the PBAC's authority with regard to recommending to the minister that a drug should be listed or with regard to the authority of the minister to list that drug. That is very important. Whilst under the free trade agreement there can be a review, the PBAC and the minister are the responsible authorities in this, and there is no change to that regime under the free trade agreement. It should be noted that there is no change to legislation with regard to the PBS under the free trade agreement. It is also important to note with regard to generic drugs that the free trade agreement does not require Australia to change our patent extension regime, and in

his speech Minister Vaile did outline some of the changes with regard to the pharmaceutical marketing procedure.

One of the great opportunities presented under the free trade agreement lies in the area of government procurement. The US federal government's procurement market is some \$200 billion—a staggering figure. We have to also consider the states. This agreement will provide access to procurement from some 27 states, and the value of these markets is also quite staggering. The Californian government procurement market is some \$42.7 billion; the New York market is \$37.6 billion; and the Texas market is \$24.6 billion. Those are staggering amounts of money, and they are huge markets which we are gaining access to by virtue of the free trade agreement.

Also, under the FTA there will be substantial savings to Australian consumers and business by way of the tariffs which will be forgone by this government. Under the agreement, the federal government will forgo tariffs in the order of \$190 million in 2004-05, rising to \$450 million by 2007-08. The money that the government would be forgoing would be placed back in the hands of consumers and back in the hands of business, who would be able to produce goods more cheaply and be more competitive in the world market through those savings in tariffs.

What do the Australian people think of the free trade agreement? According to Newspoll, they are pretty happy. In fact, today's Newspoll shows 60 per cent in favour, 25 per cent against and 15 per cent undecided. I guess most of the members opposite are either in the against group or the undecided group. I am not sure, but we can only presume that, based on their rather lily-livered performance so far. Looking at the state figures, 71 per cent of Tasmanians sup-

port the free trade agreement. I see the member for Paterson is in the chamber—61 per cent of people in New South Wales support the agreement. In Western Australia—I see the member for Canning is in the chamber—they are a bit slower. Only 59 per cent of Western Australians support the free trade agreement, but I know that after the member for Canning's contribution—

**Mr Forrest**—And that of the minister at the table.

**Mr HARTSUYKER**—and that of the minister at the table, the member for Curtin—to these discussions I can see that percentage rising rapidly over time. There is great support out there in the community for the free trade agreement, but we know the ACTU does not want a free trade agreement and we know good old Dougie Cameron does not want a free trade agreement. That is probably very much at the heart of the dithering of the ALP. Their trade unions hacks and lackeys are pulling the chain and causing them to react in this way—causing them to dither and procrastinate rather than be decisive and get on with the job of getting this agreement through. There are a number of Labor politicians, though, who do support the agreement.

*Mr Forrest interjecting—*

**Mr HARTSUYKER**—Yes, Member for Mallee, there are a number. I have to say that some of the more enlightened premiers support the agreement. There is Peter Beattie. What has Peter said? He has said, 'It could be the most momentous boost for our primary industries in a hundred years.' What has Bob Carr—Bob the Builder—got to say? He has said, 'It is in Australia's interests to link ourselves with the world's most dynamic and creative economy.' Steve Bracks says he recognises 'the benefits for the Victorian economy through increased access to markets and improved investment.' Mike

Rann in South Australia says, 'An FTA would give us access to 280 million customers.' Of course, I should not forget the member for Corio. The member for Corio had an interesting contribution. He said:

I know there are gains. I know there are some important gains to agricultural industries. I know there are some who are not satisfied with the deal and who have preferred another outcome, but at the end of the day I take your counsel on this. I have had extensive discussions with Peter—

that is Peter Corish, I believe—

and officers, and the position that I put to my colleagues is that the FTA, the legislation that has been presented to the House, ought to be supported at this stage.

But in just a couple of hours he had backflipped. What did the member for Corio say? He made a personal explanation and said:

Today in question time, the Minister for Trade said that I had declared my support for the FTA ... in a speech to the NFF conference. I did not.

Goodness me! One thing you can say about the member for Corio is that he is decisively indecisive. It does not take him from *Late-line* to lunchtime to change his mind; he did it in just a couple of hours. I sit here in disbelief that the Labor Party can follow a policy of approving this free trade agreement in the House of Representatives but not approving it in the Senate. It is a staggering position. It really is a case of having two bob each way on the FTA, isn't it? They could do a bumper sticker: 'Two bob each way on the FTA.' That is Labor: no leadership.

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.

#### Valedictory

**Mr LEO McLEAY (Watson) (7.30 p.m.)**—Twenty-five years ago to the day I was elected to this parliament. I would like to say a few thanks to some people this evening. First off, I would like to particularly thank the people of the ALP in my electorate who were good enough to send me back here as their candidate for 10 elections. I would like to thank the people who were my constituents when I was the member for Grayndler and who are my constituents now as the member for Watson, who have returned me to this parliament 10 times. I would like to thank my family—my three sons and, in particular, my wife, who has put up with me over those 25 years and has always been a great support and a stalwart to me.

I would like to thank my staff. All the good things that I did were things that were their idea and the bad things were all my own work. I would like to mention a few of my staff, who are indicative of the people who worked with me for a long while: Bertha Williamson, who started with me when I first became the member for Grayndler; Kayee Griffin, who is now a member of the New South Wales Legislative Council; John Porter, who started as my chief of staff when I was Speaker of the House of Representatives; Ann Stewart, who took over from John Porter when he went back to the parliamentary departments and who is still with me as a staff member down here in Canberra; Joan Connor, who worked for me when I was the chief opposition whip and chief government whip; and Rickey Geoghegan, who has been my longstanding electorate secretary.

I have seen a lot of changes over those 25 years, particularly coming from Old Parliament House up to this place. When I first got elected they had just gone through the program of giving members their own individ-

ual offices down in Old Parliament House. They had not taken account of the fact that there was a by-election for the electorate of Grayndler coming up. So when I got here I had this lovely new office. They had put me in a room called L112A. L112 was the men's toilet and L112A had been the shower that was adjacent to the men's toilet. They bricked up the wall between it and turned that into my office. It was a long way from L112A to the departure lounge up here in R1-33.

Some things have never changed. When I first got elected and I was down in the old house, Marie Donnelly, who is in the Speaker's office, used to type my letters. Lizzie the hairdresser started around about the same time. Lizzie has been cutting my hair for 25 years; she knew me when I had hair! When we get here as new young members, all of us want to become famous. The interesting thing about Lizzie is that she was famous before she got here. She has always been an interesting delight to us as one of the people who has consistently been, firstly, in the old building and, now, in this building.

I have had a lot of enjoyable years serving on parliamentary committees. I think they were some of the best years of my life. The time I spent as chairman of the expenditure committee was one of the great times of my life. I enjoyed the work that that committee did. I enjoyed being on the new Parliament House committee, which was the client group for the construction of this building. It was an interesting experience to see this building take shape over 10 years, starting with the architectural drawings and ending when we arrived here in 1988. The intelligence committee, which is probably the smallest committee of the parliament, is a very interesting committee to be part of at this particular phase in Australia's history.

I enjoyed my years as Speaker of the parliament. I was talking to my staff earlier tonight, who reminded me that I have held every job in this place except I have never been tainted by being in the executive. I thought it was a good idea that I should remember that at this stage. I enjoyed the ability that being Speaker gave me to meet with people all around the world. I am thankful for the assistance I got from the people in the parliamentary departments, particularly those in the House of Representatives department. I was always a great fighter in the prosecution of the war against the Senate and I would encourage all members who are going to stay here to always be part of that important war in the prosecution of the perfidiousness of the Senate. When you are in opposition, you don't mind it; when you are in government, you hate it. I thank everyone for the great experience they have given me and for the friendship that colleagues on both sides of the House have given me. I have enjoyed those 25 years. (*Time expired*)

#### **New South Wales: State Budget**

**Mr BALDWIN (Paterson) (7.35 p.m.)**—I rise as a disappointed member and a disappointed resident of New South Wales. Yesterday the New South Wales budget was handed down by the state Labor government. This budget of \$37.4 billion, for the first time in a long time, posts a deficit in excess of \$370 million. How is that? In 1995-96 they received around \$8.3 billion from the federal government. In 2004-05 they received \$15.9 billion from the federal government and this year they have an increase of \$188 million over the previous year. They also receive, as part of that, \$9.6 billion in GST revenue for this year alone. That is not to mention the \$8.4 billion they have had in unexpected revenues in nine years from the land tax and stamp duties they have received. When we sat here and heard of the mini-budget on 30 March, we heard of about \$3.3

billion of wastage by the state Labor government. The key question is not asking what is in the budget for the people but what is not in the budget for the people.

On 17 May I attended a meeting at the Lemon Tree Passage Bowling Club at Tilligerry, where there was a community crime forum. People were outraged at the fact that they could not live safely in their own homes. Why not? Because there are not enough police down there. There is no 24-hour policing. I note in this budget, despite the cry from the community, that their message has not been heard. I raised that issue here on 25 May. But the Labor state government has obviously not listened to the people or its local members.

Interestingly enough, in this year's budget I see, in a notice prepared by Peter Debnam, the shadow minister for police in New South Wales, that Police Service jobs have been cut by 480, from 18,550 to 18,070, yet the number of staff the minister has increased from 11 to 14 and the number of advisers the minister has increased from 24 to 44. But how many extra police are there for the Tilligerry? None—not a single one. We have been campaigning for a new police station in the Tilligerry and an upgrading or a new station at Raymond Terrace, and the state Labor member, John Bartlett, promised a new police station at Medowie as well, but there is no money for that—not a single cent.

But here is how they go: the minister decided that last year he would spend half a million dollars on fitting out his ministry CBD office and that he would put a \$500,000 database for the ministry in that office. The minister can sit in comfort in New South Wales, but the people who put their lives on the line each and every day are forced to work in conditions that do not meet occupational health and safety standards. It is a disgrace. What we see from Labor is that

they look after themselves but not the people who look after the people in New South Wales. I find that absolutely disgusting. There is no money in this budget for those police stations, and I think that the state government in New South Wales has to be held to account.

Another issue I want to talk about is roads. Roads are critically important. Out of \$2.4 billion, the only money that we got in my area, apart from the money for the Pacific Highway upgrade, which is being half funded by the federal government under AusLink, was a measly \$400,000 for Dungog Road, north of Paterson. Last week we announced \$480,000 for a rural transaction centre for Clarence Town, to make sure they had services, but the road between Dungog and Clarence Town through to Raymond Terrace is an absolute disgrace. The Mayor of Dungog, Steve Lowe, has said that we need \$15 million invested in roads, but there was not a single cent.

There was no money for the Lakes Way, a road which is killing people. My opponent, the Labor candidate for Paterson, has TV ads showing that she cares about Bucketts Way. Bucketts Way is a state road and, because they ignored it, we kicked in \$20 million. How much came from the state Labor government? Not a single cent—not even a mention. It shows they are lazy. In fact, all the Labor members in the Hunter are impotent when it comes to delivering products to people—the things they need in the Hunter to make their lives safer on the roads or safer with the police. This budget is a disgrace. It is a blow-out, and they have not explained to the people how they have spent the money, and nor is there value or services from the \$37.4 billion that the budget contains for the people in New South Wales. (*Time expired*)



**Family Services: Child Care**

**Ms GEORGE (Throsby) (7.40 p.m.)**—I would like to raise the issue of the shortage of long day care places in the Illawarra region, which is really just a reflection of the national crisis that working families are facing in getting children under five years of age placed in long day care—a situation that is critically acute for families wanting to place children under two years of age. The most recent national data shows that in June 2002 there were 46,000 children in Australia needing long day care.

Several months ago I raised with the minister the plight of two local centres and I received a reply from him, which of course did not address the problem. So I was really anticipating, as there is so much talk on the government side about the need to balance work and family life, that this year's federal budget would provide some funds to relieve this growing national crisis. But, regrettably, it seems that the minister has little clout in cabinet, because the leaked cabinet documents that we had access to showed very clearly that the minister appreciated the problem in the community—a problem which has partly arisen because of the government's decision to abandon planning mechanisms to regulate supply and demand. Instead of getting money to fix the problem, the minister walked away with very little.

I have to say that I welcome the fact that there is funding available for the expansion of outside school hours places, but when you look at long day care provisions you see that the only funds that became available were to supplement the child-care support broadband. The minister wanted \$70 million over four years, and he got a miserable \$16.3 million. The end result of these very paltry funding allocations for long day care means that the crisis continues in my local region.

I was fortunate to have the shadow minister for youth and children's affairs visit the area a short while ago. What we found in visiting the child-care centre at Cordeaux Heights is that they already had 200 names on their waiting list. They have closed the list because they do not want to raise expectations that they cannot fulfil. In fact, the general manager of the Illawarra Children's Service described the situation at every long day child-care centre as a crisis of major proportions. The crisis is so bad that local parents are telling me that they are now being warned by a number of centres that they should register at their local centres before they attempt to conceive, or they will risk missing out on a long day care place. Mothers are delaying their return to work or are being forced to quit paid employment, and grandparents are filling the breach.

The situation is so critical that our local paper, the *Illawarra Mercury*, on Friday, 11 June, ran its editorial under the heading 'Act now to ease crisis in child care'. I cannot quote it all, but I do want to put on the public record a couple of paragraphs from that editorial. The editorial said:

The Minister for Children and Youth Affairs Larry Anthony claimed recently that his Government's overhaul of its \$226 million funding of the sector was a significant step towards providing better quality and more accessible child care.

Given the extent of the long day care crisis in this region alone, the \$16.3 million additional funding in the Budget seems pitifully inadequate to address a growing national problem.

Waiting times of up to two years for a long day care place in this region are totally unacceptable and a burden working couples with very young children should not have to bear.

If the Federal Government is genuine about helping families juggle work and children, it must at least broaden incentives for long day care services established in areas of high need.

Those words are quoted directly from the *Illawarra Mercury* editorial, and they confirm the sentiment that I am trying to express in this adjournment debate. I want urgent answers from the minister. I think the people I represent have every right to have their crisis addressed by this government that talks so much about the issue but delivers so little.

#### Corangamite Electorate

**Mr PYNE** (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (7.45 p.m.)—Members will no doubt acknowledge that, as Chairman of the Australia-Israel Parliamentary Friendship Group over the last 8½ years, I have highlighted occasions when I believe Israel or the Jewish people have been unfairly treated. For example, I have made comments in the past about Sheikh Hilaly and his behaviour and attitudes, about the Jewish hostages held in Iran some years ago, and about the ALP's double standards on the Israeli question. Whether they agree with me or not, most people will acknowledge that I have had some things to say about this issue.

Members may recall the community based radio station Radio 3CR. It operated in Melbourne in the 1970s. In a segment called *Palestine Speaks*, they had some rather shocking things to say. On 8 August 1976, for example, they broadcast the following:

Few aspects of Zionism are as treacherous or inexcusable as the role they played during the Second World War ... This thinking was not a momentary aberration but consistent policy. Clearly, World Zionism was saying: 'We are interested in Zionism, not in saving Jews. They will come to Palestine or as far as we are concerned they can rot in the concentration camps'.

On 24 July 1977, they broadcast: 'The Zionists are very dangerous. They are like poison in the world'; 'Zionists control the press in Australia'; 'Zionism is very similar to Nazism'; 'Zionism is a fascist ideology'; and 'the Zionists try to twist history in Australia'.

On 29 April 1979, in the midst of the action taken to deal with the licence of 3CR, they broadcast:

The true nature of the Zionist attack on democratic freedom will be revealed at the Broadcasting Tribunal inquiry.

The *Bulletin* magazine described radio 3CR as the 'Voice of Terror'.

*Palestine Speaks* promoted Marxist terrorists like George Habash and anarchists like Bill Hartley. Two presenters from 3CR broadcast procommunist propaganda from China into Thailand in 1978, opposing the Thai government and calling for its overthrow. They were threatened with prosecution under the Crimes (Foreign Incursions and Recruitment) Act and the Crimes Act in both the Senate and the House of Representatives in 1978.

One of those presenters was Peter McMullin, ALP candidate for the federal seat of Corangamite. Peter McMullin was also 3CR's paid solicitor in the public broadcasting inquiry into Radio 3CR in 1979. Peter McMullin was Radio 3CR's coordinator of the defence team. He was its public face. Radio 3CR was a procommunist and anti-Jewish front. It was the 'Voice of Terror'. Peter McMullin was an active participant in the 'Voice of Terror'.

Mr McMullin will no doubt have an explanation, but explain he must. I would be most fascinated to hear what he has to say. The voters of Corangamite have a right to know why they should support a procommunist sympathiser and an anti-Jewish extremist.

Surprisingly, Mr McMullin does not mention Radio 3CR in his *Who's Who* business 2002 entry, nor do I recall seeing it referred to in his campaign literature when he ran for Lord Mayor of Melbourne in 2001. I did not see it in 'Peter McMullin's 10 Commitments' when he ran for re-election in the Hoddle



ward of the Melbourne City Council—a long way from Barwon Heads, where he now claims to reside, I might add.

What does the member for Melbourne Ports have to say about the ALP candidate for Corangamite? What does the Leader of the Opposition have to say about his pro-communist, anti-Jewish candidate for Corangamite? Why should he maintain the ALP's endorsement now that these matters are known?

Peter McMullin may well be a successful businessman and a local councillor in Melbourne. He does not deserve to sneak into parliament without these germane matters being known to the voters of Corangamite before they cast their votes. Peter McMullin was the public face of Radio 3CR, the 'Voice of Terror'. He was its solicitor; he was an on-air presenter. It was procommunist and an anti-Jewish radio station. Corangamite can do better than Peter McMullin.

#### **Trade: Free Trade Agreement**

**Mr SNOWDON (Lingiari) (7.50 p.m.)**—I want to express my concern this evening at the vindictive and scurrilous attacks by government ministers and other members of the government, asserting that any questioning of the free trade agreement with the United States is somehow anti-American and shows a lack of support for the US-Australia alliance. How absurd, how demeaning, how patronising and how stupid. Struggling in the polls, the government is trying to link support—or nonsupport—for its own position on Iraq and its position on the free trade agreement as evidence of failure to support the alliance. How insulting.

We know that the United States administration understands that there is strong bipartisan support for the ANZUS treaty and the US alliance, despite whatever differences we may have with the government on this side of the House over Iraq and other foreign

policy issues. Because we may not be prepared to walk lock step behind the United States every time it takes a decision—like the Prime Minister does—that does not mean that we are opposed to the alliance or in any way opposed to having a vigorous public debate in this country.

Why should there be an expectation that we in the Labor Party—or, indeed, elsewhere in the community—should cede our decision making over foreign policy to the White House or anyone else? Because that is in effect what is being done by this government. We should and do make decisions which we regard as in our own national interests, and that is also true for the free trade agreement. Questioning the free trade agreement is not anti-American; it is pro-Australian.

It is not anti-American to question a deal which may be clearly demonstrated to result in a rise in the cost of pharmaceuticals in this country. It is not un-Australian or anti-American to question the arrangements about the manufacturing sector in the free trade agreement. It is not anti-American to talk about the issues to do with quarantine in the free trade agreement. It is not anti-American but, indeed, it may be described as pro-Australian, to refer to what some have described as 'cultural cannibalism', which they say exists with this agreement. It is not anti-American for us to have a very long-term and considered view about the impact of this agreement.

I was fortunate enough last year to spend three months in the United States. What I was able to come back with, apart from anything else, was a really deep appreciation of the vigorous public debate and discourse on United States foreign policy that has been happening in that country for the last 18 months or so. Yet when we dare to question, in the vigorous way in which they may do in

the United States, the merits of policy decisions made by our government, we are somehow seen as undermining the Australian-American alliance. How puerile! If we had a deep appreciation of democracy in this country, as we say we do, what we would be asking for would be more vigorous debate and more public discourse on issues of great public moment, such as foreign policy and the free trade agreement. We would not, as the government is seeking to do in a period leading up to an election, try to create a wedge about whether or not the opposition or other people who question the free trade agreement are anti-American.

We say that looking at every line of this agreement is, in fact, not anti-American or anti-alliance but very much pro-Australian. That is what we need to be doing here. We need to be looking at our foreign policy and our trade deals and arrangements to see whether or not they are in our national interest, not in the national interest of some other country. I have been in this place for a long time, and I have seen the way in which the government swagger in here and abuse people on the opposition benches because they happen to have the temerity to question policy decisions taken by the government over foreign policy and now over trade policy. Let me say this: we are not going to be bullied, badgered or harangued or to allow ourselves to be put in a position where we are demeaned by the attacks of the government. We will take considered views about what we think is in Australia's best interests, whether it is in our foreign policy, as in Iraq, or whether it is in the free trade agreement. We are quite prepared to take those decisions in our own time, without the government harassing us to fit in with their timetable. *(Time expired)*

### **Australian Taxation Office: Employee Benefits Arrangements**

**Mr RANDALL (Canning) (7.55 p.m.)**—I rise to speak tonight on an issue that affects not only some constituents in my electorate of Canning but over 7,600 small businesses across Australia. Unfortunately, it is not the first time I have had to bring this matter to the attention of the honourable members of this place, but I would dearly love it to be the last. In March this year a group of my coalition colleagues and I met the Prime Minister and the Assistant Treasurer, requesting government intervention to resolve the ongoing employee benefits arrangements dispute. At that meeting I was assured by Senator Coonan that the Inspector-General of Taxation, IGOT, was investigating the matter, primarily the consistency and correctness of the Commissioner of Taxation's imposition of the general interest charge, which forms the most significant part of the liability imposed upon these businesses.

Many of these business owners have had to either sell up, endeavour to secure further business loans or even sell their family homes to pay for the outstanding liability to the Australian Taxation Office, which are doggedly pursuing these hardworking victims, even while the roadblock caused by the ATO continues. Any decent-minded person or organisation would put in place a moratorium on debt recovery whilst an inquiry was being conducted. But it is the ATO that I am talking about, and you can understand why I have not been holding my breath on this matter.

The Assistant Treasurer assured the Prime Minister that the IGOT's report would be available by the end of March and, on the assumption that the IGOT would probably resolve the matter, no further action was required at this stage. Despite this advice to the Prime Minister, it is now the end of June,

and I am sorry to say that the report is yet to be delivered. The minister's response—through an adviser—when queried on this was that March was only an 'indicative time line' and that the minister had no way of influencing the timing of the release of this report.

In fairness to the Assistant Treasurer, I must report that at the instigation of her office I did recently meet with the Deputy Inspector-General of Taxation, Steve Chapman, and was able to discuss in general terms the long-awaited report and seek guidance as to the progress of the matter. However, the meeting did nothing to allay my fears that this matter is a long way from being resolved. I came from that meeting with the distinct impression that the Australian Taxation Commissioner and the ATO in general are now playing ducks and drakes with the IGOT and doing everything they can to ensure that this report will not be delivered during this term of government. Entrenched in the legislation is the requirement that the IGOT must give the ATO the opportunity to question and interrogate the IGOT report before it is released. From where I am sitting, it seems that the ATO are doing everything they can to indefinitely delay and effectively emasculate the role of the IGOT.

While we have waited for the last three months, the ATO have continued to wreak havoc upon the small business owners of Canning and other areas across Australia. As I said earlier, many have been forced to accept unconscionable settlements and enter into unpalatable financial arrangements to pay the ATO demands. The process is stalled but the financial impost meter is still ticking. I can only surmise that Messrs Fitzpatrick and Moritza of the ATO, and their legal brief, Des Maloney, with the blessing of the Commissioner of Taxation, Michael Carmody, are playing the office of the Inspector-General of Taxation and its chief, Mr David Vos, like a

fish struggling at the end of a line. In fact, I can only reasonably assume that the ATO are endeavouring to destroy the office of the Inspector-General of Taxation with its first real test, with its very first term of reference—that being the issue of EBAs, as earlier outlined. This would, in effect, dispose of the policeman or watchdog at the first attempt he makes to assume his legislative role in relation to the ATO.

Call me cynical, but I am rapidly coming to the conclusion that the ATO know what is in the report. They know what is in the report and they do not like it. They are using stalling tactics in the fond hope that the election will be called before the report becomes public, and the ATO will then not have to back down further from their current position. I wonder how far from the truth I really am? I urge the Assistant Treasurer to take a more proactive approach to this whole sorry mess, to stop playing the role of Pontius Pilate in the crucifixion of small businesses on this EBA issue and to bring whatever parliamentary force onto the ATO that she can muster. She should either amend the legislation or appeal to their sense of decency and let the people of Canning and elsewhere in Australia affected by this travesty see justice done in the lifetime of this 40th Parliament.

**The DEPUTY SPEAKER** (Hon. I.R. Causley)—Order! It being 8 p.m., the debate is interrupted.

**House adjourned at 8.00 p.m.**

#### NOTICES

The following notices were given:

**Mr Costello** to present a bill for an act to amend the Trade Practices Act 1974 and for other purposes. (Trade Practices Legislation Amendment Bill 2004)

**Mr Downer** to present a bill for and act to provide for Australian passports, and for re-

lated purposes. (Australian Passports Bill 2004)

**Mr Downer** to present a bill for an act to provide for transitional and consequential matters relating to the enactment of the Australian Passports Act 2004, and for related purposes. (Australian Passports (Transitional and Consequentials) Bill 2004)

**Dr Kemp** to present a bill for an act to provide for water efficiency labelling and making of water efficiency standards, and for related purposes. (Water Efficiency Labelling and Standards Bill 2004)

**Mr Williams** to present a bill for an act to amend the Broadcasting Services Act 1992, and for related purposes. (Broadcasting Services Amendment (Anti-Siphoning) Bill 2004)

**Mr Pyne** to present a bill for an act to amend the social security law and law about veterans' entitlements, and for related purposes. (Family and Community Services and Veterans' Affairs Legislation Amendment (2004 Budget Measures) Bill 2004)

**Mr Ruddock** to present a bill for an act to amend the Marriage Act 1961, and for related purposes. (Marriage Amendment Bill 2004)

**Mr Ruddock** to present a bill for an act relating to foreign travel documents, persons in relation to whom ASIO questioning warrants are being sought, forensic procedures, and for other purposes. (Anti-terrorism Bill (No. 3) 2004)

**Mr Abbott** to move:

That the revised standing orders presented by the Procedure Committee on 24 November 2003 be adopted and come into effect on the first day of sitting of the 41<sup>st</sup> Parliament.

**Mr Abbott** to move:

That standing order 48A (adjournment and next meeting) and standing order 103 (new business) be suspended for this sitting.

**Mr Slipper** to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Development of a new collection storage facility for the National Library of Australia at Hume, ACT.

**Mr Slipper** to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed fit out of new leased premises for the Attorney-General's Department at 3-5 National Circuit, Barton, ACT.

**Mr Slipper** to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed new East Building for the Australian War Memorial, Canberra, ACT.

**Mr Slipper** to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Ordnance breakdown facility, proof and experimental establishment site, Port Wakefield, SA.

**Mr Slipper** to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed development of land for Defence housing at McDowall in Brisbane, Qld.

**Mr Rudd** to present a bill for an act to amend the Administrative Appeals Tribunal Act 1975, and for related purposes. (Administrative Appeals Tribunal Amendment (Review of Decisions) Bill 2004)

**Mr Rudd** to move:

That this House:

- (1) recognises the increasing difficulty faced by the citizens of Australia in obtaining proper access to the Administrative Appeals Tribunal as a source of proper redress from the impact of administrative decisions by Government that affect their interests and those of their communities;
  - (2) recognises that a particular problem presented by recent decisions concerning the Administrative Appeals Tribunal relates to the legal 'standing' of applicants seeking to bring matters before the Tribunal for decision;
  - (3) recognises that for the residents of Brisbane's Southside this has created a particular impediment in their dealings with the Howard Government and the Brisbane Airport Corporation and their decision to construct a new western parallel runway at Brisbane Airport - given that when the relevant decision was challenged before the Administrative Appeals Tribunal by the Federal Member for Griffith, that 'standing' was denied in 2000-2002, thereby preventing the case from being heard on its merits;
  - (4) recognises that in response to this failure to have the matter heard on its merits by the Administrative Appeals Tribunal, the Federal Member for Griffith has given notice of his intention on 23 June 2004 to introduce a private members' bill with the object of amending section 27.1 of the Administrative Appeals Tribunal Act 1975 to enable members of Parliament to argue such matters before the Administrative Appeals Tribunal where the interests of their communities have been aggrieved by an administrative decision by government; and
  - (5) calls on the Parliament of Australia to support this private members' bill in order to enhance the Australian community's access to affordable justice on matters of direct relevance to the interests of their communities.
- Mr Price** to move:
- (1) That standing order 28B be amended by inserting the following paragraph after paragraph (b):
    - (ba) annual and additional estimates contained in the appropriation bills presented to the House shall stand referred for consideration by Members of the relevant committee (as determined in accordance with the provisions of paragraph (b) for the consideration of annual reports), and, for the purposes of this consideration:
      - (i) six Members of each committee, determined by the committee in each case, shall consider the estimates;
      - (ii) the Members of the committee selected to consider the estimates shall meet with Members of the relevant Senate legislation committee so that the Members and Senators may meet together for the purposes of considering the estimates;
      - (iii) members of the relevant House and Senate committees, when meeting together to consider estimates, shall choose a Member or a Senator to chair the joint meetings;
      - (iv) the provisions of Senate standing order 26 shall, to the extent that they are applicable, apply to the consideration of estimates under this paragraph; and
      - (v) that, upon the completion of joint meetings at which evidence is received or written answers or additional information considered, it shall then be a matter for the Members of the relevant committee to consider the terms of any report to the House on the estimates.
  - (2) That a message be sent to the Senate acquainting it of this resolution and requesting that it concur and take action accordingly.
- Mr Price** to move:
- (1) That a Standing Committee on Appropriations and Staffing be appointed to inquire into:
    - (a) proposals for the annual estimates and the additional estimates for the House of Representatives;



- (b) proposals to vary the staff structure of the House of Representatives, and staffing and recruitment policies; and
- (c) such other matters as are referred to it by the House;
- (2) That the committee shall:
- (a) in relation to estimates—
- (i) determine the amounts for inclusion in the parliamentary appropriation bills for the annual and the additional appropriations; and
- (ii) report to the House upon its determinations prior to the consideration by the House of the relevant parliamentary appropriation bill; and
- (b) in relation to staffing—
- (i) make recommendations to the Speaker; and
- (ii) report to the House on its determinations prior to the consideration by the House of the relevant parliamentary appropriation bill;
- (3) That the committee consist of the Speaker and 11 other members, 6 members to be nominated by the Chief Government Whip or Whips and 5 members to be nominated by the Chief Opposition Whip or Whips or any independent Member;
- (4) That the committee elect a Government member as its chair;
- (5) That the committee elect a deputy chairman who shall act as chair of the committee at any time when the chair is not present at a meeting of the committee, and at any time when the chair and deputy chair are not present at a meeting of the committee the members present shall elect another member to act as chairman at that meeting;
- (6) That the committee have power to appoint subcommittees consisting of 3 or more of its members and to refer to any subcommittee any matter which the committee is empowered to examine;
- (7) That the committee appoint the chair of each subcommittee who shall have a casting vote only, and at any time when the chair of a subcommittee is not present at a meeting of the subcommittee the members of the subcommittee present shall elect another member of that subcommittee to act as chair at that meeting;
- (8) That the quorum of a subcommittee be a majority of the members of that subcommittee;
- (9) That members of the committee who are not members of a subcommittee may participate in the public proceedings of that subcommittee but shall not vote, move any motion or be counted for the purpose of a quorum;
- (10) That the committee or any subcommittee have power to send for persons, papers and records;
- (11) That the committee or any subcommittee have power to move from place to place;
- (12) That a subcommittee have power to adjourn from time to time and to sit during any sittings or adjournment of the House;
- (13) That the committee have leave to report from time to time; and
- (14) That the foregoing provisions of this resolution, so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders.
- Mr Price** to move:
- That the standing orders be amended by amending standing order 94 to read as follows:
- Closure of Member**
- 94** A motion may be made that a Member who is speaking, except a Member giving a notice of motion or formally moving the terms of a motion allowed under the standing orders or speaking to a motion of dissent (from any ruling of the Speaker under standing order 100), “be not further heard”, and such question shall be put forthwith and decided without amendment or debate.
- Mr Price** to move:
- That standing order 129 be omitted and the following standing order substituted:

**Presentation of petitions**

**129** At the time provided for the presentation of petitions, the following arrangements shall apply to the presentation of petitions certified to be in conformity with the standing orders:

- (a) in respect of each petition, the petitioner, or one of the petitioners, may present the petition to the House by standing at the Bar of the House and reading to the House the prayer of the petition, and
- (b) where a petitioner is not able to present the petition in accordance with paragraph (a) of this standing order, the Member who has lodged the petition may present it to the House by reading to the House the prayer of the petition.

**Mr Price** to move:

That the standing orders be amended by inserting the following standing order after standing order 143:

**Questions to committee chairs**

**143A** Questions may be put to a Member in his or her capacity as Chair of a committee of the House, or of a joint committee, in connection with the work or duties of the committee in question.

**Mr Price** to move:

That the standing orders be amended by inserting the following standing order after standing order 145:

**Questions without notice—Time limits**

**145A** During question time:

- (a) the asking of each question may not exceed 1 minute and the answering of each question may not exceed 4 minutes;
- (b) the asking of each supplementary question may not exceed 1 minute and the answering of each supplementary question may not exceed 1 minute; and
- (c) the time taken to make and determine points of order is not to be regarded as part of the time for questions and answers.

**Mr Price** to move:

That the following amendment to the standing orders be adopted for the remainder of this session:

**Questions from citizens**

**148A (a)** A Member may give notice of a question in terms proposed by a person who lives in the Member's electoral division.

- (b) Notice of a question given under this standing order may show the name of the person who has proposed the question.
- (c) A Member may not give more than 25 notices of questions under this sessional order in a calendar year.
- (d) Nothing in this standing order may be taken to mean that a Member must give notice of a question proposed to the Member by a person who lives in the Member's electoral division.

**Mr Price** to move:

That this House:

- (1) refers to the Standing Committee on Procedure the draft Framework of Ethical Principles for Members and Senators and the draft Framework of Ethical Principles for Ministers and Presiding Officers dated 1995;
- (2) seeks advice from the Procedure Committee as to the continuing validity or otherwise of the drafts; and
- (3) requests the Procedure Committee to confer with the Procedure Committee of the Senate in its consideration of these matters.

**Mr Price** to move:

That standing order 145 be omitted and the following standing orders be adopted:

**145A** The answer to a question without notice shall be relevant and:

- (a) shall be concise and confined to the subject matter of the question;
- (b) shall relate to public affairs with which the Minister is officially connected, to proceedings in the House, or to any other matter of administration for which the Minister is responsible; and
- (c) shall not debate the subject to which the question refers.

**145B** The standing orders that apply to the asking of a question without notice shall generally apply to the answer.

**145C** An answer to a question on notice shall be relevant to the question and shall be provided to the Member who asked the question within 30 days.

**Mr Price** to move:

That standing order 330 be replaced with the following:

- (a) A Standing Committee on Modernisation and Procedure of the House of Representatives shall be appointed to inquire into and report on practices and procedures of the House generally with a view to making recommendations for their improvement or change and for the development of new procedures.
- (b) The committee shall consist of the Speaker or his appointed Deputy Speaker, The Leader of the House or his appointed Deputy, the Manager of Opposition Business or his appointed Deputy and eight Members, four government Members and four non-government Members.
- (c) The Secretary of the Committee will be the Clerk or his Deputy.

**Mr Windsor** to move:

That this House:

- (1) notes that:
  - (a) the University of NSW (UNSW) and Monash University bookshops were joint winners of the 2003 Australian Tertiary Bookshop of the Year award;
  - (b) being a winner, the UNSW bookshop also recognises that students will be losers when the Educational Textbook Subsidy Scheme ceases on 30 June and has been trying to meet the demand of students wanting to purchase textbooks before prices rise;
  - (c) the UNSW Bookshop is concerned about the effect of the closure of the Scheme upon students' access to educational resources at a time of increasing HECS and is saddened by the discontinuation of a successful Scheme;

- (d) booksellers will soon face the additional cost of updating or modifying their software, as they did four years ago, to accommodate the closure of the Scheme; and
  - (e) there is support from the Australian Vice Chancellors' Committee for the extension of the Educational Textbook Subsidy Scheme beyond 30 June 2004; and
- (2) urges the Government to reverse its decision to terminate the Educational Textbook Subsidy Scheme effectively introducing a new tax from 1 July 2004 which will result in a price hike for students of up to ten per cent on the cost of their textbooks.



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Wednesday, 23 June 2004

The **DEPUTY SPEAKER (Hon. I.R. Causley)** took the chair at 9.40 a.m.

**STATEMENTS BY MEMBERS**

**Administrative Appeals Tribunal**

**Aviation: Brisbane Airport Master Plan**

**Mr RUDD (Griffith) (9.40 a.m.)**—Today in the House of Representatives chamber I will lodge a note of intention to lodge a private member's bill to amend the Administrative Appeals Tribunal Act. Specifically, this amendment will enable members of parliament to take a matter to the AAT on behalf of their local communities where the interests of their local communities have been aggrieved by an administrative decision by government. This arises from a judicial decision in 2002 which found that I did not have legal standing in a matter that I had brought forward to the AAT concerning the decision of the Minister for Transport and Regional Services to approve the Brisbane Airport master plan of February 1999 and that master plan's recommendation for the construction of a western parallel runway at Brisbane Airport—a decision which would have a profound impact on my local community.

The 1999 decision to approve this airport master plan was undertaken by transport minister John Anderson despite the opposition of more than 4,000 petitioners, despite the potential impact on over 50,000 residents on Brisbane's southside and despite the fact that there was subsequently a legal case which ran for two years and involved four stages before both the Administrative Appeals Tribunal and the Federal Court. That legal action was ultimately lost on the question of legal standing, thereby not enabling the substantive matter to be heard on its merits. The action also resulted in a damages bill to me which, when personal costs were taken into account, amounted to some \$32,000. The residents of Brisbane's southside assisted greatly in enabling me to pay that bill, for which I thank them.

This situation opened in my mind and in the community's mind the broader question of access to the Administrative Appeals Tribunal. This tribunal was established in 1975 in order to give average Australian's affordable justice rather than their having to go to the extraordinary expense of engaging professional legal expertise to take matters through the full courts—hence the basis for my presenting this private member's bill in the main chamber today. The amendment seeks to open up the question of legal standing, in particular as it relates to federal members of parliament.

On the question of the Brisbane Airport master plan itself, late last year the Brisbane Airport Corporation submitted a second draft master plan, and that was in turn approved by the minister on 11 May 2004—which happened to be budget day, thereby preventing any effective public scrutiny of the decision to approve yet again this most controversial plan. Quite plainly, objections to the first master plan were ignored by the Howard government and objections to the second master plan were ignored by the Howard government. Regrettably, because the decision has been taken to approve this master plan and its recommendation for a parallel runway, that runway will be constructed irrespective of the political outcome of the next election—a result which I regret profoundly.

### **Moon, Mr Tyler**

**Mrs GASH** (Gilmore) (9.43 a.m.)—‘You will find as you look back upon your life that the moments when you have really lived are the moments when you have done things in a spirit of love.’ This telling quote is attributed to Henry Drummond and it encapsulates a true event which occurred recently in my electorate of Gilmore. It is a story worth telling because it is about courage, it is about love and it is about bravery.

Tyler Moon is a seven-year-old boy who lives with his family in the rural village of Milton on the South Coast of New South Wales. Lately he has been an in-patient at the children’s hospital in Sydney following a horrific accident that also injured his father. Tyler was a pillion passenger on his father’s quad bike, which they were riding in the bush near their Milton home. The bike flipped on top of Tyler and his father, who managed to free both of them. His father, not seeing any obvious injury to the boy, sent him to get help. Afterwards it was found that Tyler in fact had nine broken ribs, a fractured arm and severe chest and abdominal injuries. Later, both his lungs collapsed. Nevertheless, he set out as his father asked, in intense pain, walking through dense bushland to get to his home. At the same time his father managed to get to a neighbour’s house to raise the alarm. Both Tyler and his father were rushed to Sydney via the Milton Hospital. According to the local newspaper report, Tyler’s endurance astounded medical professionals, who said that the boy would have been in excruciating pain throughout the ordeal.

Dr Robert Turner, a CareFlight trauma specialist, said the boy had very serious injuries and may have died if he had not walked home to get assistance. This was an act of courage—a brave act—and, most importantly, an act of love for a boy’s father. Mr Moon is a very lucky dad to have a son like Tyler. CareFlight have said they will nominate Tyler for a bravery award for his act of selfless bravery, and I will support wholeheartedly such a nomination. His actions stand as a shining example to others in overcoming adversity and challenging the odds. His mother called him a hero, and who can disagree. When you read of the actions of this brave little boy, you know what a true hero is.

Courage has many forms. If asked to explain what courage means, every individual would have their own definition. To me, Tyler Moon exemplifies courage. I could tell his story and then say, ‘That is courage,’ and I am sure the listener would agree. We cannot allow such acts to be forgotten. They serve as a demonstration of what we as individuals and as a community should aspire to. It is, if you like, a guideline to the standards and attitudes we hold dear. So it is my hope that Tyler will receive his national bravery award and that he is also recognised through a suitable community award so that his story can be retold.

I would also like to pay tribute to the CareFlight helicopter service. It is a superb aero-evacuation service, and many Australians owe their lives to its timely responses. In fact, all the emergency services professionals who look after us need a regular pat on the back. It is not until we need them that we really begin to appreciate what they are there for. Well done, Tyler, and thank you to CareFlight.

### **Sport: Soccer**

**Mr ORGAN** (Cunningham) (9.46 a.m.)—I would like to talk about soccer and the inability of ordinary Australians to get access to international tournaments on free-to-air TV. Last week on SBS *World Sports* there was uproar over the fact that world soccer’s second-most signifi-

cant tournament, the European Cup, or Euro 2004, was not available on free-to-air TV in Australia. It is being played as we speak. On Thursday night, Les Murray reported that the Minister for Communications, Information Technology and the Arts refused to allow Euro 2004 to go free to air, and unfortunately I understand his Labor shadow, the member for Melbourne, also indicated that Labor had no plans at this stage to call for the European Cup to be added to the media antisiphoning laws list. It was likewise reported that the soccer World Cup 2010 is another omission from the list.

SBS commentators raised the issue of discrimination against the poor and the low-income earners who are unable to afford pay TV and who are now missing out on Euro 2004. In the event that the Australian team makes the World Cup finals in 2010, there is a real possibility that the Australian public will not be able to see it free to air. This is a disgrace. Pay TV penetration stands at a mere 25 per cent. SBS conducted an SMS poll on Thursday night asking: should all major football tournaments be available free to air? The results of the poll, reported the following night, gave a resounding yes at 82 per cent to no at 18 per cent.

We have both government and opposition at this point in time failing to support free-to-air coverage of major sporting events such as world-class soccer tournaments. Remember that soccer has taken over as the No. 1 played team sport in Australia, with more than 1.2 million participants. It surpasses cricket, baseball, netball, Australian Rules, volleyball, rugby league and rugby union with regard to participation levels across the nation, especially amongst our youth.

We have heard a lot of talk in the House in recent weeks about childhood obesity and the need to get our children out and about more, doing physical activities such as team sports. With soccer so popular and with international events such as the European Cup, the FA Cup and the World Cup such an inspiration to young soccer players and fans in this country, it is frankly outrageous that these events are not available on free-to-air TV. As Marcel van Wijk, a local soccer coach and father of three young boys who all play soccer, pointed out to me only this week, this clearly discriminates against people who cannot afford pay TV—of which there are many such individuals and families in our community.

Why is the government allowing this to happen? There are 1.2 million active participants and, counting family and friends, all up some three to four million soccer fans in Australia but only a quarter have access to pay TV. The Greens call on the government to reconsider. Put the European Cup and the World Cup on the free-to-air list and allow soccer fans around the country to enjoy these wonderful and inspirational tournaments.

#### **Rural and Regional Australia: Population**

**Mr HAASE (Kalgoorlie) (9.49 a.m.)**—I rise today to bring to the attention of the House the fact that, for six years, I have been pursuing the issue of declining populations in regional areas of Australia—and it is time something was done to reduce that flow. In inland Australia, areas away from the coast, we have a steep decline in population numbers. This becomes a self-perpetuating downward spiral. A reduction in the population reduces the services available, reduces the competition and increases the prices. People therefore shop elsewhere, which reduces the services provided, which increases the prices—and so it goes on and on.

For six years and six budgets I have been waiting for my government to address the issue. It has not been done, and I make known today that, in the next parliament, I will be calling for

a thorough investigation into this situation. I will be calling on the Standing Committee on Economics, Finance and Public Administration to do an investigation into both the taxation zone rebate system applicable in Australia and the effects of fly-in, fly-out work forces on regional Australia.

The propositions that I have put thus far over these six years to increase the population in regional Australia include not only an increase in the taxation zone rebate but, more than that, also an additional incentive of giving a reduction of up to 25 per cent on the HECS fees payable by young professionals who are prepared to work and reside, as bona fide residents, in regional Australia.

Something has to be done. If we do not address the declining population situation we are going to find larger and larger land-holdings with fewer and fewer people, to the point where those inhabitants of Australian cities who wish to make a perhaps once-in-a-lifetime romantic return to the bush are going to find no-one left there to pour the petrol or the beer—and a romantic experience in inland Australia will never be the same again.

It is no secret that in 1945, when the taxation zone rebate was first introduced, the rebate encouraged populations to move to regional Australia, be employed, earn money and raise a family. It was that act that perpetuated the positive outlook of Australians living in remote Australia. It can be done again and it ought to be done again. An increase in the taxation zone rebate needs to be seriously looked at to once again encourage populations to get back to the bush. In a return government, I will be making a very loud call to our Treasurer to address the situation once and for all.

#### **Agriculture: Apple Industry**

**Mr ANDREN (Calare) (9.52 a.m.)**—Today marks the closing date for submissions to Biosecurity Australia on the import risk assessment for New Zealand apples. I present to the parliament a petition of 2,469 growers and residents of the Orange area, whose livelihoods will be severely affected should the Biosecurity Australia recommendation to allow imports be approved by the government.

The Minister for Agriculture, Fisheries and Forestry told parliament in answer to a question from me on 4 March that it was unreasonable for growers to feel they have been ambushed by the latest report that recommended imports from New Zealand under a revised treatment regime to combat the threat of fire blight. However, the new protocols are entirely different from those rejected by Biosecurity Australia in past years. They include dipping apples in chlorine and cool storing them for six weeks. The 50-metre buffer zone around New Zealand apple orchards will be dropped. It will be permitted to use streptomycin in the flower-to-bud stage of the apple to combat fire blight—an antibiotic effectively banned for use on crops in Australia.

This was an ambush. These are new protocols, and growers were caught in the middle of harvest with an outrageously unfair demand that they respond with scientific arguments in 60 days. This was later extended to 23 June. Despite promises from Biosecurity Australia to provide answers to 28 grower questions by 28 May, those answers have still not been provided as submissions close. This is protocol on the run. Whereas the New Zealand application for entry to Australia was firmly rejected in the late nineties—as it had been since the 1940s—now, in the year of the free trade agreement, it seems to most growers that Biosecurity Australia has

been forced to roll over for economic rather than quarantine reasons. Non-tariff barriers—whether or not legitimate, it seems—are no longer acceptable in any form.

The minister says a proper scientific evaluation is in place to assess any risks, but some scientists, including state agriculture officers, are alarmed at the protocols our quarantine authorities now regard as adequate. There are real and genuine concerns that, if fire blight becomes established here, in a far more conducive climate than New Zealand, it could wipe out 30 per cent of the apple industry and related horticultural products within five years—according to some experts, including American growers, who addressed the orchardists in my electorate in 1997.

The petitioners therefore ask this parliament to stop any import of New Zealand apples in the interests of growers and orchard communities and to maintain our quarantine standards, which should give us a legitimate edge in world markets demanding uncontaminated products.

*The petition read as follows—*

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament.  
The Petition of certain citizens of Australia draws to the attention of the House.

We the undersigned object to the Federal Government's plan to allow New Zealand apples into Australia.

We believe this will mean:

1. The spread of the apple disease Fire Blight.
2. Farmers forced out of business because of the disease Fire Blight.
3. Quarantine standards being lowered and our farmers sold out.

The undersigned petitioners therefore ask that you stop the import of New Zealand apples immediately and urges the Federal Government to reverse its decision.

from 2,469 citizens.

#### **Parramatta Electorate: Education**

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer) (9.55 a.m.)—Today I rise to address the bad news and the good news of education in Parramatta. The bad news is that I regret to have to inform the House that the member for Jagajaga yesterday badly misled parliament. She walked into the House and said during question time:

My question is to the Minister for Education, Science and Training. Is the minister aware that the massive capital upgrade at the King's School in Sydney for a \$16 million learning and leadership centre opened by the Deputy Prime Minister—of course, an old King's boy ... Can the minister inform the House how much of the \$17 million increase this school is receiving from the Howard government funded this extraordinary facility ...

The principal of the school has sent me a letter. I knew that figure to be wildly inaccurate and asked the principal of the school for a statement as to the actual cost of the facility. He wrote:

Mr Ross Cameron, MP

FUNDING OF THE CENTRE FOR LEARNING AND LEADERSHIP AT THE KING'S SCHOOL

The Centre for Leadership and Learning at The King's School was completed in January 2003.

The building contract given to Hilliers was to construct a building which was not to exceed \$5.1 million exclusive of fees and fit-out. Of this \$5.1 million, \$3 million was raised by an appeal and the balance was borrowed from the bank.

Jenny Macklin is only \$10 million out. The most elementary inquiries from the school would have confirmed that. Regardless of the fact that she might take the view that every parent of the King's School is rich and greedy, she still owes basic obligations to the parliament to uphold the standing orders in relation to misleading the House. She should come into the House today and apologise for that either deliberate deception or breathtaking incompetence.

The good news is that the last time I walked into the chamber I came in grieving for the plight of the Kingsdene Special School in my electorate, which, as you will recall, Mr Deputy Speaker, is a school which looks after 20 kids with profound disabilities, most of them with the most severe cases of a range of syndromes but essentially none of them having oral skills. They are at primary and early high school age and most of them do not have basic continence. The school was going to have to close because it was \$1 million in the hole every year to Anglicare. A number of parents, Marylou Carter leading the charge, protested this in a fabulous statement of faith and defiance. It is my great pleasure to inform the House today that, as a result of the responsiveness of Brendan Nelson, the Minister for Education, Science and Training, and, to be fair, of the New South Wales government—both Andrew Refshauge and one of the other ministers—we are happy to say that the school is funded and will remain open. *(Time expired)*

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Order! In accordance with standing order 275A, the time for members' statements has concluded.

**CUSTOMS LEGISLATION AMENDMENT (AIRPORT, PORT AND CARGO SECURITY) BILL 2004**

**Second Reading**

Debate resumed from 27 May, on motion by **Mr Ruddock**:

That this bill be now read a second time.

**Mr McCLELLAND (Barton) (9.58 a.m.)**—I rise to speak on the **Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004**. The opposition supports this bill, which in general terms seeks to increase the powers of Customs officers in connection with security and with respect to people, vessels, ports and manifests. The bill would amend the Customs Act 1901 as well as certain provisions of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001 pending its commencement.

Schedule 1 of the bill provides authority to Customs officers to detain and search persons in customs areas suspected of committing a serious Commonwealth offence. It provides authority to Customs officers to detain and search persons subject to warrant or bail conditions relating to a criminal offence. As part of that process it requires the provision of identification and reasons for detention if required. Importantly, it also provides authority and guidance to Customs officers in the use of force in relation to any such detention.

Further, schedule 1 allows the chief executive officer of Customs to give directions about detaining persons. This includes the movement of detained persons and the steps taken to ensure that a competent interpreter is available if necessary. This schedule adds the ability to

detain persons suspected of committing a Commonwealth offence to the detention powers already held by Customs officers under the Customs Act 1901.

Schedule 2 provides authority to Customs officers to question persons found in restricted areas in relation to the person's name, the person's reason for being in the area and the evidence of the person's identity. I just note in passing that it mirrors the powers recently given to Australian Protective Service officers in undertaking their role of protecting Commonwealth assets. Given the changed security circumstances that Australia is now experiencing, capabilities such as this should rightly have been proposed some time ago. It probably mirrors the old concept of a watch-house. From time to time you see the watchman in the *Wizard of Id* comic saying, 'Halt! Who goes there?' requiring people to identify themselves and their purpose. In that sense, it is uncontroversial and basic but very important. Indeed, last year, as I mentioned, we conferred those powers on the Australian Protective Service officers in their counter-terrorism first-response function at security designated airports and in their role of protecting key Commonwealth sites.

The timing of this legislation suggests that the government's attention to similar issues in the area of port security has come very late indeed. This bill will ensure that Customs officers in Customs places will not have to wait until the police arrive to act on observed threats. This is not to say that Customs officers take on the powers of police officers; they do not, hence the powers of detention and identification only. It then becomes a police matter for an actual charging and preparation of brief to prosecutor.

Schedule 3 deals with a different set of issues. It sets out the timing and reporting requirements for ships or aircraft due to depart Australia. Again, this provision fills a serious gap. Clearly, Customs believes that its powers and its access to information are limited. This is certainly the case in remote areas where there may be only a token Customs presence. In some cases, there may not even be a police presence, and certainly not an Immigration presence. So we have in this bill a further confession, we believe, that there is currently a very limited ability to reconcile freight and passenger movements in areas away from the main ports of entry. The real question, therefore, is whether the bill fully addresses the problem. How, for example, do Customs or Immigration reconcile passengers and crew of a cruise ship stopping at a Queensland port between Brisbane, Townsville or Cairns? To date, obviously Customs had little means at all of undertaking its important task. This bill may partly fill the gap, but it does beg a range of other questions.

Schedule 3 also sets the penalties for failure to report the methodology and either electronic or other approved formats for report submission. By this, the Chief Executive Officer of Customs will have the right to approve different statements or forms. In addition, schedule 3 provides Customs officers with the authority to ask questions of operators in regard to departing persons and specifies the penalties should the person fail to answer the questions.

Schedule 4 also allows Customs officers to stop a conveyance within a Customs area and check to establish that there is appropriate documentation relating to the goods being conveyed in a Customs place. At present, this authority only exists for goods about to leave a Customs place. It also sets out that it will be an offence not to stop a conveyance if requested to do so by a Customs officer. These powers are commonsense and important.

Schedule 5 allows the chief executive officer of Customs, in deciding whether to appoint a port for the purposes of the Customs Act, to take into account whether the port is a security



regulated port within the meaning of the Maritime Transport Security Act 2003. Also to be taken into account is whether the person designated as the port operator under that act has a maritime security plan. The intent here is to harmonise the processes between Customs and transport agencies and effectively respond to the heightened security requirements of the International Ship and Port Facility Code, which will come into effect on 1 July 2004, now only days away.

This change is designed to plug another gap, and we can only wonder how many more gaps there will be between the Customs regime at Australian ports and the new transport security regime. It has never been clear to the public—nor, one suspects, to the government—who does what at the borders, how powers between these bureaucracies are to be shared and who is responsible if something goes wrong. They are very important issues: the issue of accountability and the issue of follow-through in respect to implementing security measures. We think the government's strategy in border security is fundamentally lacking in particular in those two respects.

Instead of properly integrating our border security agencies, as has been done in the United States and the United Kingdom, all we ever witness from this government are more paper cathedrals, more coordination committees and endless claims that there is nothing wrong. That, quite simply, is not good enough in circumstances where Australia clearly faces heightened security risks.

Schedule 6 specifies the reporting requirements in relation to impending arrival of cargo, passengers and crew, be it by ship or by aircraft. This relates predominantly to the provision of the Customs Act which are pending the commencement of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001. In short, this amendment is necessary simply because the ITM act, now over two years old, is still not operational. In that sense it is a confession that all this time Customs has not had the powers it needs to get the information it needs, leaving a hole in the security system because the ITM act still sits on the shelf. It is caused simply by the inability of the government to properly implement the cargo management reengineering project as provided in the ITM act. This is a belts and braces piece of legislation to fill a gap in the powers of Customs.

Furthermore, we have no idea when this act will become operational. The CMR project is currently two years behind schedule and in excess of \$100 million over budget. As a result, Customs is practically broke and has been cutting hundreds of staff to pay for its new computer system at a time when we are seeing, for instance, in other countries a significant enhancement of customs staffing to undertake the important border protection role that the organisation needs to play. It is no wonder the Department of Finance and Administration has gone into Customs to review its entire budget. Until that is complete, who knows whether Customs will be able to function in a manner which allows for full coverage of its border security responsibilities.

This is particularly important in Australia. We are surrounded by water, which is indeed an asset because it means that, by and large, all people and goods that pose a threat to Australia must come in from overseas. Customs, in that sense, provides a vital gatekeeper role to our border security, and we are concerned that these pressures and the diminution of its capacity to undertake that task are not being remedied more urgently.



Meanwhile, we know that since July 2001 at least 103 crew from foreign flagged vessels have gone missing at Australian ports. The government will no doubt say that this is not a Customs problem; indeed, I have seen government spokespersons comment that it is only a small percentage of those foreign crew that come in. Whatever that percentage is, it is 103 crew members too many. Again, it is an indication of another senseless demarcation that is characteristic of the government's approach to border security.

We are seeing a number of ministers with part-time responsibility for security issues as part of their portfolio responsibilities, but nothing is coordinated. We see these demarcations, we see these problems and we see lack of accountability, lack of coordination and lack of follow-through. Quite frankly, we need to get these structures in order and in place before an event occurs in Australia, not after an event occurs.

In summary, overall this bill has all the hallmarks of a bandaid measure. It is essentially a stop-gap measure. It comes at the eleventh hour and barely begins to redress the dangerous fragmentation of our security arrangements at the border. If this bill is indicative of the government's attention to detail, it cannot be long before further holes are found in our security net and we see similar types of backfilling legislation, which has typified this government's approach to the security area—rather than having one dedicated ministry, a department of homeland security, which could be proactive in advancing, in a wholesale, unified fashion, a nationwide and coordinated response to these very significant security issues.

**Ms GRIERSON (Newcastle) (10.11 a.m.)**—The **Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004** amends the Customs Act 1901. It is another bill that reacts to the changed global and local environment in a way that now factors security from terrorism into the work of police, intelligence, security and border control agencies. Securing our borders has a very different meaning in 2004 than it had when the original Customs Act 1901 came into effect. For Customs now, border security is no longer just about checking on documents, checking cargo for proper payment of input duties, detection of illegal drugs and discouraging fisherman from poaching in our waters; border security today has taken on a more urgent tone post *Tampa* and post Bali. Modern border security extends to Customs an increased responsibility for the deterrence and detection of attempts by possible terrorists to enter our country or engage in terrorist activity either in or outside Australia.

Labor have always recognised that these threats are real and that these new threats require our expectations of Customs and other agencies charged with border protection to be more extensive and more specifically defined—and, of course, we would say more specifically resourced. I speak today to endorse the opposition's position in supporting this legislation. This bill generally strengthens Customs powers regarding security and applies those powers to Customs interaction with people, vessels, ports and cargo manifests.

The bill also amends some provisions of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001 pending its implementation—and, as the member for Barton has already said, we are awaiting its implementation. Given that we are approaching the third anniversary of the September 11 disaster and the second anniversary of the Bali tragedy, I cannot help but ask the government and Customs why this has taken so long. Until this bill has been passed, known offenders, those suspected of committing offences and those who have breached bail provisions with regard to serious Commonwealth offences such as smuggling and terrorism cannot be apprehended or detained by Customs officers. That

means that right now Customs, when confronted with a known offender, can do nothing to apprehend, detain or question them. Without this bill, Customs would have to call the police before they could act.

As I continually remind this parliament, in Newcastle they could take very little comfort in calling the Australian Federal Police, as—although Newcastle is one of the busiest ports in Australia and has a regional airport which is adjacent to perhaps the most strategically significant air force base in the country—we have only one Australian Federal Police officer for the region, who spends their time located in a Centrelink office, presumably detecting breaches of social security rather than any potential breaches of port or airport security. Fortunately, this bill will extend to Customs officers' additional powers and reduce their reliance on police intervention, as is currently the case.

Schedule 1 covers the power to detain and search persons suspected of committing those serious Commonwealth offences who come under warrant and bail conditions relating to a Commonwealth offence. It guides Customs actions in these cases as well. Guidance is always important, as long as it is matched by good training and good procedures, particularly in accountability.

Schedule 2 provides authority to Customs officers to question people in restricted areas about their identity and the purpose of their activities—and certainly to identify them correctly. Schedule 3 deals with reports on departing passengers and crew, with emphasis on tracking persons of interest to Customs as well as matching general immigration data to actuality. Schedule 4 establishes consistent powers for dealing with goods being conveyed in places with Customs operations, whether these goods are coming into or leaving that Customs place. Schedule 6 specifies reporting requirements in relation to impending arrival of cargo, passengers and crew—whether that be by ship or aircraft. This schedule seeks to fill in the gaps created by the delays in implementing the provisions of the Customs Legislation Amendment and Repeal Act. The delays are linked to the delays in putting in place the new cargo management IT systems and delays in putting in place the necessary operational responses for this new environment we have.

However, I express serious concern that at the highest level in Customs there clearly has been a need for a management quantum leap to establish a sound security culture. Hopefully, that has been developed as a result of some of the work by committees of this parliament—and I mention the Joint Public Accounts and Audit Committee in particular. I mention that today to take the opportunity to wish the chairman of that committee, Mr Bob Charles, the member for Latrobe, my best wishes for his retirement from parliament when the next election is called. The audit committee is one that I have observed operating under his chairmanship that requires government departments to account publicly for their financial management and for their operations. In my brief term on this committee, I have observed Bob Charles exercise his duties as chairman without fear or favour, and I thank him for that.

However, the main interest for me in this debate is schedule 5 of this legislation and the influence it will have on the interaction or harmonisation of the duties and operations of Customs with the Maritime Transport Security Act 2003. Obviously, as the member for Newcastle, maritime security has particular significance for me, particularly since the introduction of the maritime security act at the end of last year.

In the Australian context, we account for 12 per cent of the world's shipping task. There are 70 ports, 300 port facilities and 70 Australian ships that ply our waters, and certainly that creates a demanding task for Customs. There is an increased risk, and I have to remind people that it is a very real one. We have diverse international work forces coming in on our ships. We transport on those ships a diverse range of goods, many of those goods being quite dangerous—for example, the fertiliser-grade ammonium nitrate and the sorts of explosive chemicals that go in and out of the port of Newcastle. Some 3½ thousand foreign ships visit our waters every year, and we know that three million containers per year with various contents are on them. Although 80,000 are X-rayed and 10 per cent of those are unpacked and examined, that is still a very small proportion, particularly as that only happens at major capital city ports plus Fremantle.

We also have the major problem that there are no visual inspections of empty containers. I would also point out that, in a review this year, ASIO identified the port of Newcastle as a medium-risk port requiring 'an urgent security review'. That does place a great deal of responsibility on Customs. We know that, to do their work, Customs have to have sufficient resources. We looked to the budget to see if Customs would be resourced sufficiently to carry out their new security duties, and unfortunately we have not seen that occur. We do know that the Customs budget was in a parlous state before the last budget was brought down. There was a \$100 million blow-out in the cost of its new computer system, but unfortunately there were very few new resources in the current budget. There was \$3.1 million for facial recognition technology, \$2.8 million for some increased ship inspections—a very marginal amount—and \$84.2 million for a new charter vessel with a machine gun. I urge the government and the people of Australia to consider Labor's coast guard policy that would certainly complement the work of Customs.

Overall, our Australian ports remain open to exploitation by criminals and certainly by potential terrorists, and we believe that, unfortunately, the resources in the last budget were insufficient to perhaps give us comfort that Customs are adequately resourced to take on this challenge. I know that Newcastle Customs do want this bill to go through. They need this bill to assist them in their particularly busy operations. It is absolutely necessary for them to know in advance about vessels arriving. All additional knowledge that they can gain will assist with port security and risk assessment. So the provisions of this bill that assist with the transfer of important information will be welcomed.

Approximately 1,200 to 1,300 overseas vessels arrive in Newcastle port every year. Newcastle is actually the first port of call for about 1,000 of those vessels. When 1,000 ships come through our port and that is their first port of call, it does place a particularly high level of responsibility on our local Customs operations. Most ships are from Japan, Korea and China, and we know that they are typically on a 13-day voyage, so it is easier to track them. It is very good that that information will be more readily available now. But, because Newcastle is often a port of call, I know that our port is very busy and that Customs have a particularly busy time.

In 1998, there were 13 officers in Newcastle Customs. There are now 10, and one member from the intelligence unit in Sydney is now working for the ports of Newcastle and Coffs Harbour. One wonders why staff levels would reduce from 1998 to 2004. But I thank Mick Morrin and his staff in Newcastle for their work. I know we have our difficulties at times,

such as having crew members go missing—we had four Turkish seamen who jumped ship in Newcastle earlier this year. But, unfortunately, without adequate resources and the sorts of processes that this bill will allow, like proper crew identification, it has certainly been a challenge for Customs.

I suppose one thing that all members of parliament quickly learn when they come to this place is that, fortunately, legislation often lags behind reality. In the case of this legislation I hope that is true. I certainly hope that Customs have prepared their staff well for these greater expectations and operational realities that result from the threat of terrorism. I also hope that Customs are putting into place strategies of cooperation and integration with other agencies when it comes to security operations in our ports and airports, and in terms of cargo security. But without adequate resourcing we understand this will be very difficult.

In conclusion, this legislation is only necessary because the government has been unable to get its act together on national security. A new culture has been required—one that sees joint operations monitored and coordinated in a way that has probably never really happened before. I spoke recently in the House on the new legislation to integrate the Australian Federal Police and Australian Protective Services in a more sensible way, and in doing so I did express my fears that the cultural change required to work across departments and to drive this new approach without one single body to oversight this, like Labor's policy for a department of homeland security, as proposed by the member for Barton, will be very difficult to put into effect. It will be very difficult to give assurances to the public that all is well with security. I support this legislation but express my frustration with a government that prefers to play the politics of fear and smear rather than translate much-needed security policy provisions and resources into departments and their processes.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.24 a.m.)—At the outset, I would like to thank those honourable members who have spoken in this important debate on the **Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004**. Before I proceed to the substance of the bill, I cannot allow the comments made by the member for Newcastle to pass unremarked upon. The government certainly reject any suggestion that we have been unable to get our act together on the issue of national security, and we also reject any suggestion, as was made by the member for Newcastle, that the government are indulging in a fear and smear campaign. The ALP unfortunately simply has been unable to support the government adequately in the area of national security, and the Australian community understandably is concerned that at times the Australian Labor Party has appeared to be somewhat soft on the issue of terrorism.

The Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004 improves the ability of Customs to deal with persons who have committed or are committing offences and are seeking to enter or depart Australia; the control of goods and people in Customs areas; reporting requirements for certain vessels, aircraft, passengers and crew; and the appointment of ports under the Customs Act. I was pleased to see that the member for Newcastle indicates that Customs in her area supports the bill. My understanding is that this is indeed the case right across the nation.

This bill includes a range of provisions designed to increase security at the border. The amendments contained in this bill will enable Customs officers to detain a person arriving in or departing from Australia where the Customs officer suspects on reasonable grounds that a

person has committed or is committing a serious Commonwealth offence or an offence against a prescribed law of a state or territory, where a Commonwealth warrant or a warrant for a prescribed state or territory offence is in existence for the person's arrest, or where the person is on bail subject to a condition that they not leave Australia and the bail relates to a Commonwealth offence or to a prescribed state or territory offence. In each of these circumstances there is a requirement for the Customs officer to notify and to transfer a person detained under this amendment as soon as practicable to a police officer.

Further, the bill will enable a Customs officer to question a person in a Customs controlled area about their purpose for being in the area and to check that the movement of goods in a Customs place is authorised. The bill will also enable Customs to conduct all necessary checks prior to a ship or aircraft leaving Australia by requiring certain aircraft and vessel operators to provide information about departing passengers and crew at specified times prior to departure.

The bill will allow the chief executive officer of Customs to take into account port security plans prepared under the Maritime Transport Security Act in deciding whether or not to appoint a seaport for the purposes of the Customs Act. The bill also introduces all-ports cargo reporting, whereby reporters will be required to provide advance details of cargo before a vessel or aircraft reaches Australia's shores. This will enable Customs to properly assess the risk of cargo prior to arrival in Australia, rather than on a port-by-port basis as is current practice.

In his contribution the member for Barton queried how Customs reconciles passengers on a cruise ship at other than the main ports. I am pleased to reassure the member for Barton that Customs attends all cruise ship arrivals and departures where passengers and crew join or depart a vessel. In doing this, Customs is able to reconcile passengers and crew.

The bill provides for the timing requirements of impending arrival, cargo, crew and passenger reports for ships on their way to their first port in Australia to be prescribed by regulation. The bill also recognises the importance of border security to Australia's overall national security, and the proposed amendments will assist Customs in enhancing this security.

Before I conclude, I would like to remark on certain comments made by the member for Barton. He suggested that schedule 6 is necessary only because the international trade modernisation act has not been proclaimed, and he purported that this was because of the government's failure to implement its cargo management re-engineering. I am pleased to advise the facts to the honourable member for Barton: these are new policy initiatives that have to be enabled twice because the relevant provisions of the international trade modernisation act have not commenced. Changes in the timing of impending cargo reports are necessary because of changes in international shipping, arising from such things as the International Ship and Port Facility Security Code and US requirements for early cargo reporting.

The member for Newcastle also claimed that Customs only X-rays 80,000 containers a year and only about 10 per cent are examined. This government has introduced container examination facilities in Sydney, Melbourne, Brisbane and Fremantle and has significantly increased capacity to examine containerised cargo. The vast majority of cargo comes from known, low-risk importers. Only 10 per cent comes from infrequent importers. Customs uses intelligence and risk assessment techniques to identify and target containers for examination. I think most honourable members would accept that this is a very reasonable way for the government to approach this particular matter.

The member for Newcastle in her contribution also referred to what she saw as the need for training in relation to the new detention powers. I am pleased to advise the member for Newcastle, who is no longer in the chamber, that Customs will be conducting training for its officers in relation to the new detention powers, and this training will build on the training which Customs already provides its officers on detention and search for the identification of prohibited goods. I think that most people in the country, including most honourable members, would accept that the Australian Customs Service is a highly professional body. It carries out its mandate with a great sense of diligence. I am pleased to be able to commend the Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004 to the chamber, because this bill will greatly assist Customs in carrying out its responsibilities to the Australian community.

Question agreed to.

Bill read a second time.

### Consideration in Detail

Bill—by leave—taken as a whole.

**Mr SLIPPER** (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.32 a.m.)—I present a supplementary explanatory memorandum to the bill. I ask leave of the House to move government amendments (1) to (9), as circulated, together.

Leave granted.

**Mr SLIPPER**—I move:

- (1) Schedule 1, item 1, page 6 (after line 9), after the heading to Division 1BA, insert:
 

***Subdivision A—Preliminary***
- (2) Schedule 1, item 1, page 6 (after line 15), after the definition of *ordinary search*, insert:
 

*prescribed State or Territory offence* means an offence prescribed for the purposes of section 219ZJAA.
- (3) Schedule 1, item 1, page 6 (after line 17), after section 219ZJA, insert:
 

***219ZJAA Prescribed State or Territory offences***

  - (1) The regulations may prescribe offences against the laws of a State or a Territory that are punishable on conviction by imprisonment for a term of at least 3 years.
  - (2) An offence against a law of a State or Territory must not be prescribed unless:
    - (a) the Attorney-General of that State or Territory and the Minister (***Police Minister***) responsible for the administration of that State's or Territory's police force have jointly requested the Minister that the offence be prescribed for the purposes of this Division; or
    - (b) if the Attorney-General of the State or Territory is also the Police Minister of the State or Territory—the Attorney-General has requested the Minister that the offence be prescribed for the purposes of this Division.

***Subdivision B—Powers to detain***
- (4) Schedule 1, item 1, page 6 (lines 18 and 19), omit the heading to section 219ZJB, substitute:
 

***219ZJB Detention of person suspected of committing serious Commonwealth offence or prescribed State or Territory offence***
- (5) Schedule 1, item 1, page 6 (lines 20 to 22), omit subsection (1), substitute:
  - (1) An officer may detain a person if:

- (a) the person is in a designated place; and
  - (b) the officer has reasonable grounds to suspect that the person has committed, or is committing, a serious Commonwealth offence or a prescribed State or Territory offence.
- (6) Schedule 1, item 1, page 7 (line 1), after “offence”, insert “or a prescribed State or Territory offence”.
- (7) Schedule 1, item 1, page 7 (line 10), after “offence”, insert “or a prescribed State or Territory offence”.
- (8) Schedule 1, item 1, page 7 (line 13), at the end of subparagraph (1)(c)(ii), add “or a prescribed State or Territory offence”.
- (9) Schedule 1, item 1, page 7 (after line 18), after section 219ZJC, insert:

***Subdivision C—Matters affecting detention generally***

These amendments to the **Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004** will provide a mechanism to allow state and territory governments to request the Minister for Justice and Customs to prescribe serious state and territory offences in relation to the Customs detention powers contained in schedule 1 of the bill. These amendments will enable Customs officers to detain persons where the Customs officer suspects, on reasonable grounds, that the person is committing or has committed a prescribed serious state or territory offence, where there is a warrant for the arrest of a person in relation to a prescribed serious state or territory offence or where there is a bail condition that the person not leave Australia and the bail relates to a prescribed serious state or territory offence. As with the similar powers in relation to Commonwealth offences, the powers relating to bail and warrants will only be exercised in Customs designated places, and once a person has been detained the Customs officer must, as soon as practicable, arrange for the transfer of the detainee to a police officer to be dealt with according to law. I commend the amendments to the chamber.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

**TEXTILE, CLOTHING AND FOOTWEAR STRATEGIC INVESTMENT PROGRAM  
AMENDMENT (POST-2005 SCHEME) BILL 2004**

Cognate bill:

**CUSTOMS TARIFF AMENDMENT (TEXTILE, CLOTHING AND FOOTWEAR  
POST-2005 ARRANGEMENTS) BILL 2004**

**Second Reading**

Debate resumed from 16 June, on motion by **Mr Ian Macfarlane**:

That this bill be now read a second time.

**Mr GAVAN O'CONNOR (Corio) (10.35 a.m.)**—I am pleased to rise today to support assistance being provided to the textile, clothing and footwear industries in Australia, particularly the industries which form one of the manufacturing pillars of Geelong's employment base. I am pleased to be joined in this debate on the **Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004** and the **Customs Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004** by the hon-

ourable member for Braddon, who has, during his time in the parliament, been a passionate advocate on behalf of textile, clothing and footwear workers in his electorate.

In my electorate, there were around 2,200 persons employed in textile, clothing, footwear and leather manufacturing in the Geelong region in 2001, according to ABS census data extracted by the Productivity Commission and used in their review of TCF assistance which was published in 2003. That same census data indicated that in my electorate of Corio there were around 1,450 people directly employed in the TCF sector, with several thousands more deriving their employment from activities related to the sector's commercial presence in the local economy.

I have on many occasions spoken on the floor of the House in defence of those employed in Geelong's TCF industries and in support of ongoing Commonwealth assistance to local companies that seek to restructure their operations and invest in new plant and equipment to secure their place in Australian manufacturing. On 8 and 9 March this year, when the government introduced the TCF SIP amendment bill, I outlined to the House the importance the Geelong community places on retaining employment in these industries and in securing their commercial future. That support stretches across the whole Geelong community—from the members of the Textile Clothing and Footwear Union, the Geelong Manufacturing Council, which has in it all of the textile, clothing, footwear and leather manufacturers, the City of Greater Geelong, state politicians, local government councillors, community welfare organisations and the general community. All of them stand squarely behind the work force and the entrepreneurs in Geelong's textile, clothing and footwear industry.

I have a clear mandate from the Geelong community to support the assistance measures in this legislation and to support the tariff related measures we are proposing in our response to this legislation. In 2003 the City of Greater Geelong, under the leadership of former mayor Councillor Barbara Abley, in cooperation with the Geelong Trades Hall Council, the Geelong Chamber of Commerce, the Geelong Manufacturing Council and the Victorian branch of the Textile Clothing and Footwear Union of Australia, determined a position which supported industry budgetary support—the SIP scheme—at existing levels. They supported broadening its scope and also freezing of tariff levels until 2010. They promoted this position in response to a dramatic decline of over 20 per cent in Geelong's TCF employment since the last 1996 inquiry. I congratulate Councillor Abley on her initiative and efforts in support of Geelong workers and textile, clothing and footwear entrepreneurs. She has been a strong and passionate advocate on behalf of the Geelong work force and the Geelong community on this matter.

As far as this particular legislation is concerned, Labor welcomes the government's TCF package, as it provides assistance for the TCF sector over the next 10 years. It is very important that the Commonwealth government supports these industries through their restructuring phase. The bill makes a number of changes to the TCF Strategic Investment Program that Labor believes will simplify the program and will hopefully cut down application costs for companies. The bill also includes reducing the number of grant types from five to two, and it provides subsidies for capital expenditure as well as for innovative activities.

I have in my electorate a very prominent textile company—Godfrey Hirst. The success over time of Godfrey Hirst, a major manufacturing employer in Geelong, is directly related to the investment that they have been able to make in new plant and equipment and the support of innovative activities in their enterprise. It is an enterprise of which Geelong is justifiably



proud. On the floor of this House, I congratulate the management, owners and workers of that company. It is one that is important to Geelong's manufacturing future, and we want to secure the employment base in that company and in others—and elements of this legislation will certainly do that.

Most companies will be eligible for support under the scheme for the first five years. In the second five years the scheme will be available only for clothing and finished textile activities. Labor notes that these are the two main areas of the TCF industry that will require ongoing assistance for restructuring. I am very pleased that in this legislation the government has established a TCF small business program, which Labor welcomes. We have been calling for more assistance to small textile, clothing and footwear companies for a long time, and we are pleased that the government has taken up the sensible suggestions that we have made. In my electorate, several small companies have established niche markets and are seeking to expand them. I am very pleased that they will now be able to have access to a Commonwealth support program that will assist to secure the future of those enterprises and their workers.

The most disappointing thing about the legislation is the government's linking, through the commencement clause, of the SIP with the tariff reduction bill. The SIP cannot commence until the tariff cuts are legislated. We will be moving amendments to decouple these two aspects of the bill—the strategic investment program and the measures that reduce tariffs beyond the year 2010.

As far as the tariff bill is concerned, the TCF tariffs are already legislated to fall on 1 January 2005. Before those cuts are in place, the government is already trying to legislate for more cuts. So we have a situation in which tariff cuts are already in the pipeline. Those tariff cuts are already being made in 2005 and now the government, in the mechanisms of this bill, wants to put further tariff cuts on this particular industry and tie it to the assistance that it is receiving now and will receive from 2005 to 2010. Labor will be foreshadowing amendments to decouple these bills so that we can vote on them according to the position that the opposition is taking. The government is really doing the industry a disservice. The government is politicising this debate by trying to link tariff cuts beyond 2010 with the SIP and the assistance that the industry will receive.

This bill reduces tariffs on yarns, fabrics, certain finished goods and footwear parts from 7.5 per cent to five per cent from 1 January 2010; it reduces tariffs on footwear, cotton sheeting and woven and knitted fabrics from 10 per cent to five per cent from 1 January 2010; and it reduces tariffs on most articles of apparel and certain finished textiles from 17.5 per cent to 10 per cent and then to five per cent from 1 January 2015.

There are several things that we need to understand about the government's position in relation to the bill. I think it is instructive to reflect on the history of this legislation in the parliament. The government announced the package in November last year and it has taken this long to introduce this legislation to give effect to its policy position. This is not something new that we are seeing from the government; this has happened not only in this area but in other policy areas as well. The bills were only introduced to the parliament on Wednesday, 16 June, and the government is really trying to force them through to suit its election timetable, not to allow this parliament the proper scrutiny that the bills deserve. I have to say that the government did not even provide the opposition with an exposure draft of this legislation. As I

understand it, it has not offered the shadow minister a proper briefing. It is really not serious about getting the total package through; it is serious about playing politics with it.

The government is trying to force Labor to vote for further tariff reductions in order that there will be a new Strategic Investment Program. Labor support that program, but we do not support further tariff cuts. We will be moving amendments to this proposed legislation in the House when it is considered in detail—I want to make it quite clear to the chamber that we will be taking that action.

Regarding the tariff cuts that the government is proposing beyond 2010, let me reflect on the position of the Victorian government on this. The Victorian government has certainly got a handle on these industries throughout that state and it estimates that around 6,500 jobs will be lost in Victoria alone. Throughout Australia, if the government proceeds with the legislation in the way it is intending, the real losers will be regional communities all around the country. In many of those communities, textile, clothing and footwear manufacturing is a mainstay of employment. In some cases it is the only significant full-time employment available to workers. We really need to look at how the 2005 cuts, already legislated and in the pipeline, are going to impact on communities before we make further decisions on tariffs with regard to this industry. Labor does not consider that to be an unreasonable policy position. I think it is eminently reasonable where there are already legislated tariff cuts in the pipeline that we—both communities and government—are given the opportunity to assess the impacts that those cuts have on those communities, particularly regional communities.

My community in Geelong, in the seat of Corio, very much support the Labor position in this regard. Right across the political spectrum employers, unions, local government bodies and the general community support the position that Labor is putting to this parliament on this legislation. We want consideration of this legislation decoupled. We want to decouple the TCF Strategic Investment Program from the tariff bills and we will be moving amendments to this effect when the legislation is considered in detail in the House.

The government does not have a policy advice position on the action it has taken. Its own Productivity Commission could not demonstrate any net national benefits of reducing tariffs further. The Productivity Commission is known for the economic advice that it gives to government in terms of tariffs. It has generally supported a continuing lowering of tariffs. However, on this occasion when it was asked to undertake the economic analysis, it concluded that, as far as the net national benefits to the Australian economy were concerned, there were not any real gains of lowering tariffs further. The submissions to the Productivity Commission, as part of the inquiry, from TCF businesses across the nation, from local councils and state governments, who have an important voice in this debate, all called for a freeze on tariffs. That is the position that has been taken by, for example, the City of Greater Geelong in my electorate.

Let me summarise Labor's position as far as post-2005 TCF assistance is concerned. The recent national conference of the Labor Party spelt out our position quite clearly. We will hold TCF tariffs at current levels pending a review to be undertaken by a Latham Labor government when it is elected later on this year. This is not about winding the tariff clock back; it is simply about sensible policy. We are not going to reduce tariffs just because of the government's ideological obsession. At the end of the day, it must be because it is reasonable policy and it has some basis in the economic analysis that is being provided by bodies such as the

Productivity Commission. Tariffs should only be reduced where that encourages greater innovation, exports and competitiveness, and we have seen, with actions of past governments, that this has been the basis of tariff cuts.

But Labor will not be supporting the government in legislating for tariff reductions in 2010. We ought to be having a review in 2006-07 of the impacts of the 2005 cuts on the industry, rather than making decisions now in 2004 about the environment that is going to be faced by these industries over the longer term. We do believe that it is time there was an independent review of TCF assistance. The recent Productivity Commission review did not adequately look at the social impacts of any further reductions in tariffs, nor did it seriously look at trade barriers imposed by other countries. I think it is not only important for government to receive economic advice on the costs and benefits of actions that it takes, but it is incumbent on government to go broader than that and to look at the impact that the decisions it will make are going to have on regional communities. Of course, it also ought to be looking at the barriers that Australian companies face when they seek to export into other countries.

I mentioned Godfrey Hirst, which is in my electorate. It is a major employer, employing over 1,000 people, and it is a very innovative company which down through the years has invested heavily in training its work force and in capital equipment to keep ahead of the game. It has adjusted its operations to market environments overseas and it has been the target of predatory commercial practices by overseas companies that sought many years ago to buy it out. American interests were involved in that attempt to buy the company. I guess if that had occurred we would not have a company in Geelong like the one we have now.

It is a very innovative and dynamic company. It has good management and a productive work force. Of course, it has real problems when it comes to the international marketplace because, when it goes into many markets in our region, it faces non-tariff barriers that are quite substantial. When you sit and talk to the managers of the company about the sorts of problems that they encounter in getting their products into other markets, they say that they face not only tariff barriers but also a plethora of other practices which make it extremely difficult for them to sell into those markets.

I think it is eminently reasonable for a government to take a position that it will support an industry through a difficult restructuring period and that will support its innovative practices and its attempts to capitalise and prepare itself for a new market environment. But I think it is unreasonable for a government not to take into account in its decision making the impacts that those decisions will have on communities and the great difficulties that our companies have in gaining market access when they face both tariff and non-tariff barriers not only in our region but also throughout the world.

We are simply saying that, if our trading partners have not made sufficient adjustments at all levels to bring themselves into line with their international obligations or if the negative impacts in a social sense on Australia are too severe, the tariff freeze will remain until these issues are addressed. We are simply saying to our competitor nations in our region and elsewhere: you have signed up to certain international obligations and we want you to honour those particular commitments that you made in the international arena.

As far as we are concerned, we support a labour adjustment program—or, as the government has termed it in this legislation, a structural adjustment fund—as part of the 2005 assistance package. But we have to put on the public record that the Howard government abolished

Labor's labour adjustment program for the TCF industry in 1996. This particular proposal is for \$50 million over 10 years and we simply consider that this is not enough. On the election of a Latham Labor government, we will reinstitute a proper labour adjustment program with appropriate levels of funding.

**Ms Panopoulos**—How much?

**Mr GAVAN O'CONNOR**—It will be a non-means tested program to assist TCF workers in improving their English language skills, in vocational training and in finding new employment. The honourable member asks me how much, and behind that is the age-old Tory question: where is the money coming from? We should ask the Treasurer that question because on the road funding issue in the House the other day he was caught with a \$500 million hole in his calculations. So we are simply saying the \$50 million—

*Mr Randall interjecting—*

**Mr GAVAN O'CONNOR**—You talk about this. Your Prime Minister, when he was Treasurer, left Labor with a Liberal debt in current dollars of \$25 billion. The honourable member for Canning was not here, but the most incompetent Treasurer Australia has ever seen left Australia with negative growth, high interest rates, an unemployment rate of double digits and an economy going backwards. If that is the great Liberal legacy you are referring to, I am quite happy to debate you any time in this House—any time, anywhere—on your record and the record of your Prime Minister when he was Treasurer.

*Mr Randall interjecting—*

**Mr GAVAN O'CONNOR**—You have political amnesia.

**The DEPUTY SPEAKER (Ms Corcoran)**—Order! The member for Corio will not respond to interjections and will address his remarks through the chair.

**Mr GAVAN O'CONNOR**—Madam Deputy Speaker, I am under provocation. It is very clear that Liberal members opposite—

*Mr Randall interjecting—*

**Mr GAVAN O'CONNOR**—That is exactly the point I am making to the House about the politicising of these issues. This government is incapable of bringing to this parliament a set of legislative proposals that does not attempt to hold a gun to the head of this industry. Here we have some constructive strategic investment program proposals that the government is putting forward and, as they have in other legislation, they have supported what Labor did in government. We are quite happy to support those particular situations. But it is policy lunacy to be tying these adjustment measures to a 2010 tariff cut when you do not know the conditions that are going to apply for the industry at that particular time. Of course, we have not at this point got our trading partners to dismantle not only their tariff barriers but their non-tariff barriers as well. If you want political stupidity on a grand scale, this would have to be it.

*Mr Sidebottom interjecting—*

**Mr GAVAN O'CONNOR**—The honourable member for Braddon understands exactly what I am saying, because in his electorate there is significant employment tied up in the textile, clothing and manufacturing industries. We are simply saying to the government that it is stupidity to be tying an adjustment program in 2004 to tariff cuts to be made in 2010 when you do not know the conditions that the industry will face at that time.

We are going to propose an amendment to this legislation to decouple the bills so that we can give effect to the sensible position that we believe ought to be the position the government is adopting, and that is that we have in the pipeline tariff cuts to 2005, we evaluate the impacts of those particular cuts in 2007 or thereabouts, and we do that by virtue of an independent review that not only takes into account economic considerations but also takes into account the social dimensions of losses of employment in regional areas. I know the honourable member for Indi would be very interested in that because I understand that she also has significant employment in the textile, clothing and footwear industries in her electorate, as has the member for Braddon. We are simply saying that that particular review ought to take into account also the actions of our trading partners, who have at this point significant tariff and non-tariff barriers to the entry of Australian products.

I think that is a reasonable proposition. I do not think there is anybody who is so stupid that they cannot understand and accept that position, but there seem to be some blockages on the government side to reasonable propositions. We know why the blockages occur: because we are in election mode and the polls have us with a bit of scoreboard pressure on and the government backbenchers are all dancing around saying, 'Let's play politics with this particular bill.' I think every textile, clothing and footwear worker in Australia would like you to step back from the politics of these things, to look at this in a policy sense and to do something in the interests of the industry for a change. (*Time expired*)

**Ms PANOPOULOS (Indi) (11.05 a.m.)**—I rise to speak on the [Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004](#) and the [Customs Tariff Amendment \(Textile, Clothing and Footwear Post-2005 Arrangements\) Bill 2004](#), and I do so aghast at the hypocrisy and fraud that has laced the speech of the member for Corio, who has very conveniently scuttled out of the chamber. The hypocrisy was absolutely breathtaking. He promised more money. My ears pricked up at that point. There was more money—more than in this very generous package. I was waiting to hear a figure so I could go back to my electorate, go back to my industries and go back to my workers in the textile industry and tell them of alternative policies. However, in true Latham Labor fraudulent fashion, opposition members promise the world and deliver nothing. We have heard the Treasurer very eloquently relate this to the magic pudding, and I will not attempt to do one better than him on it. But, truly, it is quite breathtakingly arrogant of the Labor Party to continue to promise more and more money when nothing of substance comes out of them. It is even more hypocritical considering that in office Labor did absolutely nothing. There was no restructure program. They did absolutely nothing to help the industry.

It is a privilege for me to speak on these bills because they directly affect a number of firms and their employees in my electorate of Indi. We are speaking here about assistance to the textile industry and about the rich history of the textile industry, particularly in Wangaratta, where I live. That is something that I want to place on the record. I particularly want to pay tribute to the heritage and tradition of textiles in the region of Wangaratta and to the organisers of the current Stitched Up Textile Festival, a regular and successful yearly event in the Wangaratta calendar. I was very pleased to be able to speak at the opening of the festival last Friday night. I would like to take this opportunity to commend the initiative of the small group of people who created this wonderful event in 1999. Since then, the Stitched Up Textile Festival has gone from strength to strength.

It is fitting that there is a textile festival in Wangaratta. We are proud of our textile heritage; we are proud of its success, we are proud of its future and we are very confident that it will keep on growing and being a very important employer in Wangaratta. Wangaratta is home to the famous Bruck textile mill and Australian Country Spinners, and the north-east is home to a number of other textile firms. These firms are very significant employers in the electorate of Indi. At Bruck Textiles in Wangaratta and the north-east we clearly do see an Australian success story. Bruck is a wholly owned Australian company. It is the largest man-made fibre weaver in the Southern Hemisphere and, as we know, since its inception in 1946 in Wangaratta, it has contributed an enormous amount to the local municipality and to the region.

We hear many bills debated in this place and most go unnoticed outside of Canberra. Most people in our electorates do not follow the progress of many bills and they are often not interested in the minutiae of most bills. However, when it comes to assistance to an industry that directly employs almost 20 per cent of workers of the rural city of Wangaratta then people do take an interest, and there is particular interest in and keenness for both these bills to be passed by the parliament.

The workers in my electorate who have been involved in and who have worked in the textile industry, and others who have since departed the industry, survived the severe and unremitting tariff cuts of the Whitlam, Hawke and Keating years. These workers battled away in an industry where they had to compete with their Asian counterparts who could produce a T-shirt for less than 1c but not be paid much more than \$2 an hour. They learned to value add, to become more efficient. They contributed to ensuring that the industry was able to stand on its own two feet at a local level in the face of cheap imports trying to cast a shadow over the Australian industry. In a sense, these workers are the unsung heroes. They weathered the storm and they achieved this transition through cooperation with each other and with management. They did it with brains, not brawn, and these workers and the industry became more creative as international markets and conditions required.

It is a curious and baffling aspect of debate in the TCF industry that it is referred to as a sunset industry; it is quite the opposite in the electorate of Indi. There is something of a clear renaissance occurring in the TCF industry at the moment, particularly in my home town. Late last year Bruck Textiles was awarded a contract of up to \$44 million over five years, which was terrific news for Wangaratta and for my electorate generally. This means that Bruck cloth will be used to make a range of uniforms for ADF personnel, including Army combat uniforms, Navy overalls, Army and RAAF flying clothing and Army armoured fighting clothing. Bruck has indeed been creative in the international marketplace. It has been a significant beneficiary of the government's immensely successful strategic investment program, which has put the company on a somewhat steadier footing than was the case many years ago.

Australian Country Spinners should also not go without mention. CEO Brian van Rooyen recently commented on the government's \$747 million extension of the Strategic Investment Program, saying, 'The tariff change doesn't really affect us, as we have had a five per cent tariff rate for some time, but the financial incentives offered are very welcome.'

The amendments in this legislation put in place the important part of the government's post-2005 assistance arrangements for the TCF industry. These amendments provide the certainty that the industry requires on tariff levels, allow for further extension of the SIP and implement the TCF small business program. Last November Minister Macfarlane announced a

finely crafted package to assist TCF firms face the challenge ahead. It was interesting to hear the member for Corio complain that the opposition had not had time to peruse the legislation when they have known of this package and the details since last November. It is nothing more than a political stunt from the opposition, and we all know—and workers in the industry know—the emperor has no clothes: Labor have no credibility, no policies and no principles when it comes to assisting the industry and securing future jobs for workers in the TCF industry.

The SIP was extended by the minister, broadened and made easier for firms to comply with. But the most important thing achieved through this package is the long-term certainty that it provides to the industry and to the workers within it. It is absolutely essential to have this sort of certainty for future investment. A \$747 million package over 10 years is nothing to be sneezed at, and I was interested to hear the member for Corio say the Labor Party would be offering more. Well, I would like to know, as would the people of Wangaratta and the north east, how much more? How much more is the Labor Party prepared to invest, or is this yet another empty promise? This \$747 million is a significant amount of taxpayers' money to support the TCF industry, and justifiably so.

Recently, I was also interested in comments made by the Labor Party spokesman on science, research, industry and innovation, Senator Carr, when he visited Wangaratta. The Wangaratta *Chronicle* ran with the headline 'We won't cut tariffs: Labor', which is an amazing backflip from the time when Labor were last in office. Senator Carr said:

In contrast to the Howard government, Labor will not slash tariffs and will have a comprehensive assistance package.

Of course he did not provide any details of this comprehensive assistance package. Nor could he have gone back to Labor's time in office to look at the details of any comprehensive assistance package to give him some ideas, because they did not have one. Readers could surely have been forgiven for choking on their Weeties that morning when they read that line in the Wangaratta *Chronicle*. We have heard nothing; no minimalist policy, no comprehensive assistance policy package—absolutely nothing.

Perhaps if Senator Carr were to remove himself from the factional battles of the left of the Australian Labor Party, he would then know that tariffs have been frozen since 2000. They will be frozen again in 2005. He would know that in 2015 the government will have provided more than \$1.3 billion in direct assistance to the TCF industry—and that is a significant amount. It is an amount that was never provided by the Labor Party when they were in power. Ruthlessly and without a skerrick of compassion, the Labor Party cut tariffs each and every year they were in power. The member for Corio is no longer in this chamber, and the two members opposite have their heads bowed down in shame because they know they did nothing to support the industry. They sit on the other side and mock.

**Mr Sidebottom**—Madam Deputy Speaker, I raise a point of order. I was actually reading an article. I certainly did not have my head down in shame. That is totally inaccurate.

**The DEPUTY SPEAKER (Ms Corcoran)**—There is no point of order.

**Ms PANOPOULOS**—Let me remind the two members opposite that, when they were last in office, they reduced the top rate from 55 per cent to 25 per cent in 10 years. There is no

doubt, and some of the members may not have been in government at the time, but I am sure—

**Mr Sidebottom**—On a point of order, I was not in office, nor was my colleague.

**The DEPUTY SPEAKER**—The member for Braddon will resume his seat.

**Ms PANOPOULOS**—Members opposite may not have been in office when the Labor Party was last in government, but I would have thought that with their interest in the TCF industry they would have done some basic research—and I am sure they have—on the fact that the Labor Party, when last in office, reduced tariffs from 55 per cent to 25 per cent in 10 years. If they did not know that fact, it is there for them to remember and to be reminded of in their shame in doing nothing to help the workers in this industry. There is no doubt that this government is the TCF's greatest friend. The facts bear that out. The support that this government has given to the industry speaks for itself. Any efforts to escape this fact lead to a dead end and to the fraudulent statements made by the member for Corio.

**Mr Sidebottom**—On a point of order, I object to that. None of the statements made were fraudulent and that is unparliamentary.

**The DEPUTY SPEAKER**—The member for Braddon will resume his seat. He will have the opportunity to speak later on.

**Ms PANOPOULOS**—There is nothing unparliamentary going to the likelihood of the accuracy of statements made by the member for Corio. The changes to the 2005 tariff rates were supported by the Labor Party. At this point, it is interesting to note that members opposite are very upset. The truth does hurt. The truth that they destroyed jobs and severely crushed an industry that they claimed to represent and support does hurt. And they will keep hearing it, because the workers in my electorate are very pleased that the industry has had its future secured—and they do remember what you did to them, and I am sure that they will be reminded often enough before the year is over.

From what I can ascertain, the 2005 tariff cuts were supported by the Leader of the Opposition and his shadow minister. Now, with the prospect of an election in the wind, the Labor Party wants to have some cheap populist shots at the TCF industry, but these cheap veneers of political stunts are no surprise. It is a bit much to take, and I would like to remind the chamber of some quotes. The Leader of the Opposition said: 'It is only Labor that opposes tariffs on the working people.' This means that the Leader of the Opposition is at odds with his industry spokesman. An even fiercer quote from the Leader of the Opposition is that tariffs are 'the economic equivalent of racism'. Apart from it being quite a wacky and bizarre comment, I am sure we will not hear him repeat it now that he has been self-muzzled and is trying to present a brand new facet of his personality. But we all know he is a political fraud, as does the Australian public. The Labor Party like to say one thing and do another. They are not interested in policy or in creating a certain climate in which TCF industries can grow. They are more interested in appeasing the TCF union and other union masters who are pulling the strings. I am more interested in a successful and viable textile industry in my electorate that gives workers job security so they can plan their lives and raise their families.

The member for Corio mentioned that the Victorian government was supportive of the TCF industry, and I am sure that the claim would extend to other manufacturing industries. Having spoken to the TCF industry and other manufacturers in my electorate, I can say that the prob-



lems that stop them being competitive are due to costs imposed on them by the Victorian Labor government: the absolutely crippling insurance premiums—in Victoria 79 per cent of the insurance premiums we pay go to the state government; the high fire levies; and the inability of the state government to reform the crippling WorkCover premiums. That is not to mention the farm employment bill, farm dams and the dumping of toxic waste dumps near pristine waterways. They are the sorts of decisions that the Victorian Labor government makes that disadvantage industries in my electorate.

The Leader of the Opposition was at Randwick Racecourse not long ago with other Labor luminaries. I do not know whether he backs his horses for a win or a place or whether he goes each way, but on the issue of TCF policy and TCF assistance the Leader of the Opposition is adding new meaning to the phrase ‘having two bob each way’. After years of supporting tariff cuts and trade liberalisation and, whilst in government, actually implementing these things, the Labor Party, under the Leader of the Opposition, now comes up with a vacuous statement such as:

We want a review before we go down the tariff reduction path. That doesn't mean that we're not going down the path.

It is unsurprising political doublespeak from a master of political fraud. It seems like something out of the Victorian government's policy edicts: ‘Let's have a review while the industry suffers in a climate of uncertainty.’ The fact is that we had a review, a major Productivity Commission inquiry only last year, and the government has subsequently invested hundreds of millions of dollars, and it will continue to invest over the next 10 years, to ensure that the industry remains strong and viable.

Only recently, Bruck Textiles in my electorate announced that 87 employees had applied for 22 voluntary redundancies. The Labor Party would probably claim that these were somehow linked to tariff pressures even though tariffs have been frozen for five years. The CEO of Bruck, Mr Alan Williamson, mentioned the difficulty of attracting new investment into the textile industry while federal parliament fails to legislate future directions for the TCF industries. Mr Williamson stated:

... we need this policy, including a continuation of the Strategic Investment Programme, to be passed, to add security for the future of the industry.

I support Mr Williamson's comments as a major employer of Wangaratta, and I particularly urge members on the other side to listen to the words of a major employer in rural Victoria and not to the extreme TCF union officials.

This government has taken a balanced approach to developing policy and to drafting these bills, in providing generous direct assistance and moderate and gradual tariff reductions to help the industry become more and more competitive. It is therefore time for the Labor Party to stop playing politics with the TCF industry, get on board, support this bill, support the TCF workers and their futures, confront the adjustment pressures that these firms face and pass the amendments contained in this bill.

**Mr SIDEBOTTOM (Braddon) (11.23 a.m.)**—I would like to put on notice that Labor will move amendments to the **Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004** when it is considered in detail in the House. The TCF industry, as my good friend the member for Corio pointed out, is a very important industry in my electorate of Braddon, on the north-west coast of Tassie. It employs about 500 peo-

ple directly, through Ulster Tascot Carpets, which employs about 220 people; Australian Weaving Mills, which employs about 250 people; and the Tasmanian Clothing Company, a smaller company but with the same excellent quality in terms of its work force and product, which employs about 26 people. I do not need to remind people in this chamber that many hundreds of jobs hang off these TCF jobs and that many millions of dollars are spread throughout our community, injected into our local community, because of them. So it is a very important industry.

I do not deny for a moment that everybody who has spoken on the TCF industry earlier, on legislation and in this chamber today, is sincere despite the ideological madness and, I would say, fixation—if I were a psychiatrist, I would have considerable interest in some of the fixations of the previous speaker, the member for Indi—of some of them. I am not a psychiatrist, and that is very fortunate because I do not think I could understand or unravel the fixations of the previous speaker. We do care about our industry. The member for Indi just read out a comment from Mr Williamson from the TCF industry in Wangaratta. She did not quite tell the whole truth, but Mr Williamson said that the key to the industry is investment. Everybody I know that is involved in TCF, particularly at Australian Weaving Mills, is keen to leverage more investment into their industry. The heart of that is the strategic investment program bill. There is no doubt about that.

What Mr Williamson and Geoff Parker at Australian Weaving Mills in my electorate mean is: why are the two bills coupled? You do not have to couple them. The member for Indi knows that. If we are dead serious about assisting this industry then we all accept that the strategic investment program bill should be passed, and we would do that straightaway. But what we will not accept is the political aspect of this. The chicanery that goes with this, which is typical of the government—without becoming too ideological about this—is coupling it with the [Customs Tariff Amendment \(Textile, Clothing and Footwear Post-2005 Arrangements\) Bill 2004](#). If we are dead serious, let us decouple these bills, and Labor will support the strategic investment program bill tomorrow.

But the member for Indi did not say that. Mr Williamson—and I hope I am speaking fairly about his intentions—and Mr Geoff Parker want this passed; they want the politics out of this. We can have the bunfight in here, and the industry can suffer because of it. It is in the government's hands. They set the legislative agenda and they know exactly what they can do about it. I am happy to put that on the record. That is why Labor would straightaway support the strategic investment program bill. So decouple the bills and show us how fair dinkum you are about assisting the TCF industry.

Australian Weaving Mills in my electorate produce and sell magnificent towels. They have annual sales of just on \$37 million, 95 per cent of which stems from local manufacture. They also have a bed linen business, sales from which total \$8 million. Their total business equates to sales of \$45 million per annum. That is significant, particularly in relation to industry in my neck of the woods on the north-west coast of Tassie. The company employs 275 people in total, and 250 of them are based in my electorate. They have spent \$8.6 million in investment over the last three years and they are looking forward to further injections of investment. They deal with 110 companies locally within a 20 kilometre radius. I do not have to tell everybody in this room how much the towel industry has faced competition and restructuring. You may

be interested to know that in 1985 there were nine towel mills in Australia and now there are only two. It is a fairly cutthroat business.

Australian Weaving Mills made a detailed submission to the Productivity Commission inquiry on the post-2005 TCF industry assistance plan. In that submission, they made some pertinent comments about tariffs, and those comments underline why Labor is not prepared to accept this tariff bill but prepared to support the strategic investment program bill. So decouple them and let us see how serious the government is about supporting the TCF industry. The AWM submission said, in part:

The subsequent reality however, is that the restructuring pressures imposed on the industry by the ongoing tariff reductions through to June 2000 were much more severe than anyone had expected. This pressure was compounded by the introduction of GST—

of course, that was not mentioned by the member for Indi—

which manufacturers were forced to absorb and which has more recently been impacted on by—

at that stage—

the strengthening \$A.

The submission went on to say, very pertinently:

AWM believes therefore that the previously legislated tariff reduction should not necessarily be tacitly taken as read. Rather the Company holds the view that the commitment should be reviewed in the light of the current circumstances.

It further says:

The scheduled tariff cut in 2005 will tend to undermine the positive effects AWM has made to date.

It is the AWM's view that:

The currently legislated reduction from 25% to 17½% is substantial and will cause major disruption. To ensure the Company can move forward with future expenditure plans with reasonable confidence, tariffs should be held at their current rate or, in a worst case scenario at the legislated 2005 rate until at least 2015.

The submission further says:

Any further tariff reductions beyond those currently envisaged in 2005 should not be legislated, rather they should be examined and their appropriateness adjudged at the time of the mid term review which should take account of action taken by other countries to reduce their trade barriers to accord with our more open market. This could be done by conducting a streamlined industry review at that time (ie focussing solely on trade barriers) to determine the nature (path/extent) of further tariff reductions if any, for the period 2010 to 2015.

That is in line with Labor's approach to this issue. So, if you are fair dinkum, decouple these bills and we will be able to ably assist the Australian Weaving Mill, who are very supportive of the strategic investment program—and rightly so.

I would also like to mention Ulster Tascot, which is located in East Devonport—the home of *Spirit of Tasmania I, II and III*. For the information of colleagues, Ulster Tascot is one of Australia's two specialist woven carpet manufacturers and produces high-quality woven carpet for the Australian and international commercial carpet markets. The company focuses on wool-rich products for the hospitality sector, including five-star hotels, casinos, theatre complexes, airport lounges and concession areas. The company employs about 220 people and achieves sales of around \$20 million per annum from its East Devonport manufacturing plant,

with approximately 20 per cent of its turnover being generated from export sales. It is a very significant player in our local economy.

Like many other companies in the TCF industry, Ulster Tascot went through some very lean times. Fortunately, it managed to survive those lean times. In 2001 Ulster Carpets—one of the world's largest woven carpet manufacturers—acquired the former Tascot Templeton Carpets and subsequently renamed the company Ulster Tascot. The company is going through its new development stage now, and it is very exciting. On tariffs—and I believe this is a very important contribution—the company said:

Tariff reductions to date, have had the desired effect of opening our markets to competition and encouraging manufacturers to produce quality products at world competitive prices. However, if we further reduce tariffs while our international competitors stand still on their barrier assistance and industry support measures, we are simply throwing away our industry bargaining position.

Whilst Ulster Tascot understand that the 2005 tariff reduction is legislated it would recommend that any further changes should be the subject of an industry tariff review.

That is the position of the Labor Party. That has been the position of the industry. If the government is serious about supporting the TCF industry, why will it not do as Mr Geoff Parker asked, as these submissions clearly set out to the productivity review inquiry and as Mr Williamson asked in Wangaratta in the electorate of the member for Indi? That is what they want. Their views on the tariff were made quite clear. That should be reviewed independently, and it should be decoupled from the strategic investment program. The government knows that, so why will it not do it? The member for Indi, for all her feigned indignation and fixation on the Leader of the Opposition, was not quite levelling with us in this House and has not quite levelled with the workers involved in the rather extensive TCF industry in her electorate.

Again, I reiterate where we stand. We support the government's TCF package in terms of the strategic investment program bill. It provides assistance to the TCF sector for the next 10 years, which is much needed. The bill makes a number of changes to the SIP, which Labor believes will simplify the program and hopefully cut down on application costs for companies. The changes include reducing the number of grant types from five to two and providing subsidies for capital expenditures as well as innovation activities. That is good stuff. Most companies will be eligible for support under the scheme for the first five years—and I know that Geoff Parker and Australian Weaving Mills will greatly benefit from this.

In the second five years, the scheme will be available only for clothing and finished textile activities, and Labor, as the member for Corio pointed out earlier, note that these are the two main areas of the TCF industry that require the greatest assistance in restructuring. The bill also establishes a TCF small business program, which Labor welcome. Labor have been calling for more access to government assistance for small to medium sized TCF enterprises since June 2003, and we are pleased that the government has taken up the suggestion.

The most disappointing thing about this bill is the government's link, as I mentioned earlier, through the commencement clause, with the tariff reduction bill, hence the politics that have been thrown into this. I do not reckon those on the government side are fair dinkum anyway, frankly. I do not think they are trying to get this stuff through at the earliest possible convenience because, in the government's line of reasoning, the program cannot commence until the tariff cuts are legislated, and we do not support the tariff cuts. The TCF tariffs are already legislated to fall on 1 January 2005, as mentioned in both the submissions that I cited

from my local TCF manufacturers. Before these cuts are even in place the government is trying to legislate for more cuts, and both those submissions made it quite clear that that was unnecessary and that a review should take place. We had the member for Indi feigning her interest in the TCF industry, but of course she did not take into account what the industry itself submitted.

The bill reduces tariffs on yarns, fabrics, certain finished products, goods and footwear parts from 7.5 per cent to five per cent on 1 January 2010; it reduces tariffs on footwear, cotton sheeting and woven and knitted fabrics from 10 per cent to five per cent on 1 January 2010; and it reduces tariffs on most articles of apparel and certain finished textiles from 17.5 per cent to 10 per cent and then to five per cent on 1 January 2015. When were the bills introduced? They were introduced on Wednesday, 16 June—and the government is trying to force them through without proper scrutiny. What did the government do? It coupled them, knowing very well that that is going to lead to a legislative blockage. It knew that very well, but that is the politics of it. It must be election time. The government is not serious about supporting the TCF industry. It is not at all serious about listening to what people had to say in their submissions to the Productivity Commission inquiry.

Where does Labor stand on this? Labor will hold TCF tariffs at current levels pending a review to be undertaken by a new Labor government in conjunction with that industry, in the same vein as was suggested in submissions made by my local TCF manufacturers and, I suggest, replicated again and again by other TCF manufacturers in submissions to the recent inquiry. Labor is not about winding back the clock or reversing tariffs per se; it is about sensible policy—the very rationale that those submissions from my local TCF manufacturers put to the inquiry. Labor does not believe in reducing tariffs because of ideology; it must be because it is good policy. They should be reduced only to encourage greater innovation, exports and competitiveness. It cannot be better demonstrated: it is all right to talk about freeing trade, but, if you ask just about every member of the House, except for the mad ideologues, how much free trade truly exists—

*Government members interjecting—*

**Mr SIDEBOTTOM**—You can try and talk over the top of me all you like, but listen to what I say: Australian manufacturers and Australian workers do not mind free trade as long as it is fair. Labor's position is that we will review tariffs on criteria that are based on fairness, otherwise we will be skidding down that stupid road where we lose job after job and industry after industry. Then, when you turn around to see what is in your wake, there is social disaster and our so-called competitors are still moving along unfairly, supported to the hilt, and our industry is gone. So, if you think what you are doing is smart politics, go and explain that to the Australian population who have seen this time and time again. That includes some of our past performances and definitely includes your own.

Labor will not be supporting the government in legislating for tariff reductions in 2010—it is not necessary and certainly is not necessary at the moment. So, if you are fair dinkum about supporting the TCF industry, decouple these bills and introduce the SIP—you know it is supported by the industry; we support it. If we want the tariff ideological battle to continue, we will have that out at another time in another place. But if you are dead serious—and I do not think you are—you will decouple them. But, of course, it is election time and the sweat is

literally pouring from the other side and all they can revert to is personal attack and a fixation on our leader by the member for Indi.

**Mr ENTSCH** (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (11.43 a.m.)—First of all, I would like to thank the member for Indi, the member for Corio and, of course, the member for Braddon for their outstanding performance in their contribution to this debate. The **Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004** and the **Customs Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004** will implement a long-term assistance package for the industry which strengthens its competitiveness and thereby secures jobs. The industry is anxious for this package to be passed and strongly supports government policy. I am disappointed, however, that the Labor Party is still seeking to exploit the tariff issue. The industry certainly acknowledges that the tariff is far less important now than it was in the past. Labor was the party which abolished quotas and slashed tariffs when it was in office. It is important to remind members opposite that, when they were in government, the top rate was some 55 per cent. That dropped to 25 per cent in just 10 years.

The member for Braddon argues that these bills should be decoupled. I suppose he is consistent, in so much as there was no support for the industry offered by the Labor government when they ripped the guts out of the tariffs. There was no support for industry and no support for workers. Now Labor are jumping up and down and loudly opposing a process that will see a very gradual reduction in tariffs but, far more importantly, that offers a very significant package to industry and to workers to help them to facilitate that change. It was also the coalition government that introduced a five-year tariff pause from 2002 to help to deal with some of the damage that was done by the previous Labor government when they ripped the guts out of those tariffs without offering support to the industry or to the workers.

It is also interesting when comments are made about support from industry. I have some quotes here. The Council of Textile Fashion Industries of Australia, which I understand—and the member for Braddon may correct me on this—is the peak TCF industry association, have made the comment:

We expect that the combination of measures including the tariff pause for a further five years will place us well to be internationally competitive.

That is an interesting comment from that peak association. Paul Moore, a chief executive of Pacific Brands, which I understand is the largest TCF company in Australia, very strongly endorsed the package, saying it was geared towards new-age clothing and textile firms that are prepared to invest in innovation, brands and IT. Andrew Edgar, the managing director of Yakka—again, a significant manufacturer in this country—said of the package, ‘The twin objectives of certainty and fairness sought by the TCF industry have largely been achieved.’ The final word in this whole debate rests with the TCF industry’s Paul Cohen, president of TFIA. He was quoted in the *Australian Financial Review* on 3 May this year as saying: ‘As an industry we are lobbying the ALP to pass the bill. We’ve weighed the pros and the cons and we want certainty.’ Maybe you need to start talking to these industry representatives because at the end of the day we are supposed to be representing the views—

*Mr Sidebottom interjecting—*

**The DEPUTY SPEAKER (Hon. L.R.S. Price)**—I remind the honourable member for Braddon to refer to the parliamentary secretary by his title. Is the member for Braddon rising on a point of order?

**Mr Sidebottom**—I apologise. Mr Deputy Speaker, I seek to ask a question of the parliamentary secretary.

**The DEPUTY SPEAKER**—Parliamentary Secretary, will you allow a question?

**Mr ENTSCH**—Yes.

**Mr Sidebottom**—Which bill was the representative referring to?

**Mr ENTSCH**—We are talking about the bills before the chamber at the moment.

**Mr Sidebottom**—Which bill? You said ‘bill.’

**The DEPUTY SPEAKER**—Order! The honourable member has asked his question. The parliamentary secretary has accepted the question.

**Mr ENTSCH**—They were referring to the bills that we have before the parliament today.

**Mr Sidebottom**—You said ‘bill’.

**Mr ENTSCH**—Coupled, by the way. Absolutely. They both have the support of the industry, with the tariff cuts.

**Mr Sidebottom**—The coupled bill, was it?

**Mr ENTSCH**—Absolutely. This highlights it. These guys have a lot of money on the line; they are running these businesses. They are supportive of this package because they know that it offers a future for them and their employees. With respect, I would certainly take advice from industry leaders such as these, rather than from the voodoo economics and the clear business void that we see in those opposite in the Labor Party, both in the Senate and in the House of Representatives.

It is also interesting that you argue this point. The member for Indi did make this comment: your own leader’s view in relation to tariffs—and it was not a comment that was made way back when; it was quite a recent comment—is that tariffs are the ‘economic equivalent of racism’. That was a rather interesting comment from your leader, and you are arguing exactly the opposite. The other thing is that the Labor Party ignores the very real costs borne by the community. The Productivity Commission estimates that the tariff costs consumers about \$1 billion a year. This cost is borne disproportionately by people on low incomes, who spend a greater proportion of their income on clothing and related goods than people on middle to high incomes do. The government believes that the community deserves some relief from these costs given its generous support for the industry. As for Labor’s proposal to decouple the bills, for many years it has been an accepted principle that the industry receives funding to assist it to adjust to lower tariffs. Without lower tariffs, there is no special claim to hundreds of millions of dollars of taxpayer support. The industry knows this and accepts this principle. I urge the opposition to reconsider its position—you can certainly hardly call it a policy. I commend both bills to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.



**Mr SIDEBOTTOM** (Braddon) (11.52 a.m.)—I move:

That further proceedings on this bill be conducted in the House.

Question agreed to.

**CUSTOMS TARIFF AMENDMENT (TEXTILE, CLOTHING AND FOOTWEAR  
POST-2005 ARRANGEMENTS) BILL 2004**

**Second Reading**

Debate resumed from 16 June, on motion by **Mr Ian Macfarlane**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

**Mr SIDEBOTTOM** (Braddon) (11.52 a.m.)—I move:

That further proceedings on this bill be conducted in the House.

Question agreed to.

**BUSINESS**

**Rearrangement**

**Mrs MAY** (McPherson) (11.53 a.m.)—by leave—I move:

That order of the day No. 1, committee and delegation reports, be postponed until the next sitting.

Question agreed to.

**COMMITTEES**

**Aboriginal and Torres Strait Islander Affairs Committee**

**Report**

Debate resumed from 21 June, on motion by **Mr Wakelin**:

That the House take note of the paper.

**Mr SNOWDON** (Lingiari) (11.54 a.m.)—I am very pleased to speak, albeit briefly, on this report, *Many ways forward: report of the inquiry into capacity building and service delivery in Indigenous communities*. In doing so, at the outset I want to thank those people on the committee—I will not thank all of them—who agreed to support the majority of the recommendations in the report. I particularly want to acknowledge the work of the chair, the member for Grey, Mr Barry Wakelin, and the deputy chair, Ms Kelly Hoare. Between them, they carried the workload of this report throughout the period of the deliberations of the committee with a great deal of aplomb and good judgment, and they did so without rancour. They arrived together at a document which, in my view, is a good representation of the broad cross-section of views which existed on the committee.

I say that because—and I will come to it in a moment—I have previously been chairman of this committee at a time when we produced two reports, one of which was referred to in this report. The two committee reports that I oversaw the production of were entitled *A chance for the future: training in skills for Aboriginal and Torres Strait Island community management and development* and *Our future, our selves: Aboriginal and Torres Strait Islander community control, management and resources*. From my reading of the history of this committee prior to and subsequent to my chairing of the committee and up until now, I know that great care has



been taken to ensure bipartisan support for committee recommendations. Often that has taken a great deal of discussion. It has meant compromise. It has meant that people with entrenched positions have been required to change their positions and to accept, in the spirit of bipartisanship, that to produce a single document that has unanimous support is the best possible outcome we could achieve. I have to say that in my experience of the committee up until this report was produced that has been the case.

I make that observation simply to make reference to a minority report, encapsulated in this document, by the member for Solomon. Once you have read it, Mr Deputy Speaker, you will see that it is not a very detailed or well thought out piece. In fact, it barely reaches 2½ pages and is more a comment on the member for Solomon than it is on this report or the findings of this committee. That is as much as I want to say about that, apart from making this observation: the government, as is always the case on these committees, has the numbers. It is a pity that the member for Solomon was unable to see his way clear to support the recommendations of this report and instead put in his minority comments and dissenting statement, which in my view, was a waste of time.

In terms of this report, the recommendations go to a broad range of matters but they do point to government taking a greater and more forthright position in relation to the coordination of government services to Indigenous communities across Australia, wherever they might be. They also point to the need for Indigenous Australians to be given a strong voice in a partnership with government in the provision of these services. The committee traversed many parts of Australia and spoke to many individuals and organisations about their views in relation to capacity building and the need to address the range of issues which confronted their individual communities. I am sure that the other community members would share my view that the circumstances which exist across Australia differ from place to place, and that really what we have to do is concentrate our minds on how to deliver outcomes in particular places, understanding the particular circumstances that exist in those places. That is not often the case.

I think this is a major issue for us. We have seen government agencies go out into the field—this has historically been the case; it is not just a comment on the current government—and purport to represent the best public policy outcomes and to have the broadest knowledge in the arena. In fact they rarely understand the unique circumstances of the communities they are engaged with. One of the issues which was raised constantly in the course of this committee's deliberations was the view that government agencies and their officers needed to have their capacity enhanced so that they could truly represent a government's objectives in a way which demonstrated they understood the unique circumstances of each of the regions and communities they engage with. That to me is a very important thing.

I was engaged with an area that is well known to the member for Grey in the late 1970s, when I was working for the Australian National University with Dr H.C. 'Nugget' Coombs and Dr Maria Brandl. I was given the task of working with a community in the north-east of South Australia, which meant going there to stay for some time. So, what I was required to do was spend some time around the communities of Ernabella, Amata, Kalka and Pipalyatjara, places which are well known to the member for Grey, and finally get accepted into a place where I could commence this work. I then engaged in a language course, because it seemed to me that to be able to be effective in this community I needed to actually understand their first

language. The first language of these people was primarily Pitjantjatjara, and there were some Ngaanyatjarra people. For them to communicate with me and for me to communicate with them, I had to assume that I needed to acquire some knowledge and some skill in their languages. As it turned out, that was the best thing I could have ever done.

What we discover now is that in many of these remote communities across Australia, English is still a second, third or fourth language. Many of the inhabitants of these communities do not have literacy in English, let alone their own languages, so to effectively communicate you need to sit down and learn the language—but not only learn the language; you need to appreciate the cultural nuances, practices and traditions of those communities to allow yourself to be properly understood and to fit into the paradigm that exists in those locations. That to me is a challenge, and a challenge on which I think governments across Australia have failed miserably. What we need to do, in my view, is spend far more time working out how to communicate effectively with Indigenous Australians, wherever they might be, and to understand the differences that might exist between locations.

One of the perennial issues which have been seen, not for the first time, in this inquiry is the need for more efficient and more effective coordination between Commonwealth and state agencies. This report makes some comment on the renowned COAG trials. The Council of Australian Governments have trials happening in various parts of Australia. There is one in the Pitjantjatjara lands that I referred to earlier, in the member for Grey's electorate, and one in Wadeye, in my own electorate of Lingiari. The Wadeye trial has received much publicity.

I hope I am not speaking out of turn here, but I suspect that all of the members of the committee believe that we do not have any way of really assessing the outcomes that are being achieved by these COAG trials. A lot of words have been said and a lot of words have been written but there has been no way of auditing or assessing the effectiveness of these trials in terms of getting more efficient and better outcomes in these communities. That, we believe, is a challenge which we need to confront, and we need to confront that challenge squarely, not impose our vision, our view, of what should be the most effective way of communicating with these Indigenous communities without having reference to the requirements we are placing upon ourselves.

In any partnership arrangement there ought to be a set of criteria upon which governments can make judgments about their own success. In my view, what this requires in this area, in partnership with the leadership of these Indigenous communities, is an agreed set of criteria or outcomes which governments are supposed to achieve. I believe that that will require more than just a commitment to a set of words. It will require a commitment to ensuring that the allocation of resources is effectively targeted and, most importantly, that the allocated resources are substantial enough to do the job. We know in the case of Wadeye—and the committee understands this—that housing is a particular issue. There is a massive shortage of housing in Wadeye. This is not going to be overcome by people talking about it. The only way the housing shortage in Wadeye will be overcome is by a very constructive and innovative use of government resources, and it will require substantial additional government resources to those currently being made available. This is only one example, but there are many others.

One of the issues with capacity building, which is made very clear in this report, is the fact that you cannot assume that people have the ability to be able to make decisions if they do not have a fundamental grasp of the tools of education—if they are unable to read a set of books.

I certainly do not claim to be able to read a set of accounts. I have an understanding of them broadly, but I would not claim to be able to read them properly. Yet we expect many of these Indigenous communities to be able to manage their accounts, their books, in a way in which we ask our accountants to do on our behalf. I know that if I go to an accountant I seek an explanation of what is happening with the resources I am supposed to be using. We are asking Indigenous communities to manage people who have standards of education and understanding which are far beyond those to whom they are responsible. In many cases across Australia, this has led to a position where the rip-off merchants, the crooks and the spivs go into Aboriginal communities and rip them off blind, and what happens as an outcome of that is that the Aboriginal communities are penalised.

We need to understand that capacity building requires us to give these Indigenous communities, wherever they might be, the opportunity and ability to be able to control those people who work for them. That might require a lot more outside mentoring, monitoring and auditing than is currently the case. There ought to be a process by which—and this is referred to in this report—we can say to communities that we will assist with the initial screening of candidates, and there will be lists kept so we know that the people who are employed in these communities have the capacity to do the work they are required to do but will do so in a responsible manner, without having the fear that is currently the case in many places of them ripping communities off. That is not to say there are not very good people working in these communities—there are. But the fact is that we need to provide far better educational opportunities for Indigenous communities to give them the capacity to be able to monitor, moderate and control people who work for them and on their behalf.

Again, I want to thank the chairman, the other members of the committee and the committee secretariat for the way they participated in these discussions. It is a very eclectic group on this committee, and the members have very divergent views, but under the able chairmanship of the member for Grey they have come together in a way in which I think has produced a very valuable report. And, bar my references to the member for Solomon, who I think has been irresponsible, I thank the member for Grey for the leadership he showed and my colleague the deputy for the way she assisted him.

**Mr WAKELIN (Grey) (12.09 p.m.)**—by leave—I thank the member for Lingiari for his generous comments and for his contribution. I thank my deputy chair, the member for Charlton, and I appreciate the contribution she has given over a long period. Aboriginal and Torres Strait Islander issues have challenged successive Australian governments for a very long period, particularly since the 1967 referendum, when the federal government was brought into the discussion as an equal partner and given approval by the Australian people to see what it could do to improve the lot of Aboriginal and Torres Strait Islanders within Australia. So the path we have travelled is not new. There have been many before us and there will be many after us.

But there are some things we can do now and in the immediate future which if accepted will give greater opportunities to a group which, not always but in the main, is very disadvantaged. While some of the committee's suggestions would seem a little different to some, they are well based in the evidence that we have taken, over two years, from somewhere near 400 witnesses from diverse areas, including Redfern, Cape York, the Torres Strait, Broome, Wad-eye, Lombardina, Warrnambool and Shepparton. Members of the committee would recall the

wonderful contribution from Rumbalara Football Club in Shepparton, whose role in everything from education to leadership for younger people was very much to the fore.

Our recommendations and the discussion within our report offer a number of components, and I will touch on some of them today. The opportunities for the Australian government, the states, the territories, local government—where it is appropriate—and the Aboriginal communities to work together are very significant. They have not been maximised. I share the view of the member for Lingjari that, while the Council of Australian Governments trials are a very welcome initiative, we need to go a lot further with them and give them a focus, in a whole-of-government approach, as we have never done before. That is where effective governance can give better outcomes for Aboriginal and Torres Strait Islander people.

As far as the governance of Aboriginal organisations is concerned, there is much that can be improved, but, once again, that relies on the willingness of the Aboriginal community to work with the government and, in turn, on the government having the skills to work with the communities. I cannot stress enough that the Council of Australian Governments trials, which had early promise but which are yet unfulfilled, are still a very important mechanism where, if you like, we lay down memoranda of understanding—very clear approaches—as to who is responsible for what, and who is going to do what, in partnership with Aboriginal communities.

There are great opportunities for the Australian government—and, for that matter, state and territory governments—to work with the corporate sector, nongovernment organisations and volunteer groups to give stronger alternative models of service delivery for Aboriginal people. It is early days, but we do know of the work in Cape York, where Cape York Partnerships have been working with many corporate partners, government and the community. The style of those negotiations with the community is vital to the outcome, and there is much time invested in that. We do know from Cape York that there are promising signs for great improvement, but these things, of course, are yet to be concluded and the process will be ongoing for many years. However, with the proper partnerships with corporate and volunteer organisations and people simply as volunteers, there will be success.

I make the point that the Harvard work with indigenous people in the United States of America, after many decades of very measured and careful analysis and working out what works and what does not, makes the observation that, whilst entrenched passive welfare is one of the great impediments to progress, alternatives for economic development are very critical to the future. Therefore, government has a clear responsibility, equally with the Aboriginal and Torres Strait Islander communities, to look very clearly at their future and at the potential for much stronger economic development, where those scarce government and welfare resources become much less of an issue and where the ability to create their own wealth and their own opportunities in the future becomes very much a part of their way of life. There was a wonderful statement from one of the state governments, that governments must accept and be responsible for that which they do the best and the Aboriginal and Torres Strait Islander communities must accept responsibility for what only they can do. I cannot put it more concisely than that. I have spoken of Harvard, and I think the Harvard experience offers us, whilst not direct comparisons, some valuable guides as to what will work and what will not.

I also make the point that the Australian government, in my opinion—and we mentioned this in our recommendations—should significantly increase funding for leadership develop-

ment amongst Aboriginal and Torres Strait Islander people. When it becomes well known—or as well known as I can make it—that the Australian Indigenous leadership group, who are doing excellent work, are funded more than 50 per cent by a New York foundation, then we will understand that as a nation we have perhaps not offered the support that this organisation is worthy of. I am not sure that they want a total government contribution, and they would like very much to acknowledge the government contribution that is made. However, at the same time, there is some irony in the fact that the majority of their funding comes from off-shore, from New York.

We talk at some length in the report about the need for financial literacy, the role for the banks and how the government can do much more in a leadership role, in partnership with the banks, to develop financial literacy and better outcomes for Indigenous people.

We mention the issue of violence, particularly sexual violence, in Aboriginal communities. We believe that there is much work to be done there. We have made a recommendation that we need to measure the existing work—and there is some useful and good work being done by the Australian government and state and territory governments—and to understand a lot better what is happening with those various programs.

I conclude by simply saying that Harvard made the observation to us—it was raised by a number of our members during the hearing—that when the family ethic, whilst an important foundation stone of our society, is focused on competition for scarce welfare and government facilities, it will never offer the same opportunity of improvement in life as focusing on creating stronger economic activity and much less reliance on welfare. As our report says, when a family starts to focus on the need to create a larger cake and all that goes with it—whether it is education, understanding finance, understanding the need for skills, the need to accept mentoring, the need to cope with the dual society that many Aboriginal people live in and the need to accept that it is a vital link to their future—then Aboriginal and Torres Strait Islander people will offer themselves a far stronger opportunity for the future.

I want to make particular reference to a magnificent example of the positives that can be found in regional Australia—and I need go no further than Moree and a fellow by the name of Dick Estens and a lady by the name of Mrs Cathy Duncan. I acknowledge their magnificent work in turning communities around and showing the government sector that, by an investment in their future and by respecting Aboriginal people very much as equals and not something to be traded in some subsidy market, much progress can be made. So much progress has been made due to the leadership of Dick Estens—though he would not want me to say this—and through people like Mrs Duncan. It shows you just what can be done. If we want an example of what should be repeated around Australia, we need go no further than those two magnificent people.

In conclusion, I thank all the committee members, and I thank the member for Parkes, who asked us to go to Dubbo to see the situation there—which really opened our eyes. In his presence, I thank him for that. I thank the staff, particularly Mark McRae for all that he did. I also thank very much my deputy chair, Kelly Hoare.

Debate (on motion by **Mr John Cobb**) adjourned.

**Communications, Information Technology and the Arts Committee  
Report**

Debate resumed from 21 June, on motion by **Mr Baldwin**:

That the House take note of the paper.

**Mr CIOBO (Moncrieff) (12.22 p.m.)**—I am very pleased to speak to the report of the House of Representatives Standing Committee on Communications, Information Technology and the Arts *From reel to unreal: Future opportunities for Australia's film, animation, special effects and electronic games industries*. This is a very important report that highlights the way in which our industries can stand to benefit in the future as a consequence of not only increased government support but also private sector support and, importantly, consumer support for Australia's film, animation, special effects and electronic games industries.

The reality is that Australia enjoys a healthy creativity. Australia enjoys the benefits of having had nearly 100 years of investment in the film industry. But Australia also stands on the cusp of being able to enjoy a significant amount of benefit flowing from increased investment into the electronic games industry as well as into the special effects industry. It took me by surprise—and it was a great pleasure—to learn that the world's first feature film in 1906 was actually an Australian production. *The Kelly Gang* was the first feature film made, and I was very pleased that this country should have an association that goes back so far in world history. By 1927 we had some 1,250 picture theatres in this country and some £25 million of investments that saw some six million Australians visit cinemas 110 million times—not bad for such a small country. That was a strong indication of Australia's fascination and love for not only films but also cultural activities.

By 2002-03 the landscape had certainly changed. Film and TV production in Australia in the financial year 2002-03 accounted for some \$513 million. This was a slight drop on the previous year's level of investment of some \$663 million. That drop was largely a consequence of a decrease in foreign television production—something that this government recently addressed in the budget when it extended some of the incentives that we created, such as the film tax offset, to include television series. That extension is something that certainly my constituents welcomed, and I would like to touch on that in more detail in due course.

If you look at the production landscape in Australia for film, TV, electronic games and special effects animation, you will see there is a significant and vibrant industry growing in this country. As I mentioned though, this cusp needs to be recognised and exploited if Australia is going to truly enjoy the significant economic and cultural benefits that flow from investment in the nascent industries of electronic games and special effects and in long-term industries, such as film and to a lesser extent television. Television drama expenditure in Australia for the financial year 2002-03 was some \$281 million. In large part this was driven by expenditure by ABC and SBS, both of whom have significant local content quotas. These local content quotas, whilst recognising the cultural imperative that goes with local production, also drive significant economic benefit. In film, we saw an investment in 2002-03 of some \$232 million, approximately 73 per cent of which—some \$169 million—was sourced from offshore productions.

This vibrant industry, despite the large figures that are involved, is not as big as many people would expect. When you delve below the surface you see that when it comes to the crea-

tive industries in this country—in particular, film, TV, special effects and electronic games—the vast majority of the stakeholders on the supply side in this marketplace are small to medium enterprises. In fact, some 80 per cent have four employees or less, and yet these are in very large part the bread and butter of the creative industries in Australia. That said, we have seen in past years some concern being expressed over the future of this industry. I say this both anecdotally and through the fortune of being a very active member of the CITA committee. Most definitely, when we spoke with people across this country who are involved in the industry, many of them expressed concern about the future of the industry, in particular with regard to film. It was the committee's observation that, when you look at the figures and the actual trends with regard to Australian film, you see there is cause for concern.

Despite the fact that some 8.5 per cent of films that are released in this country are Australian films, they took only 5.1 per cent of value of the box office. When you consider that in 2003 there was not one single Australian film in the top 20, you can understand the conclusion the committee reached. That conclusion was that, as a nation, we need to take greater stock of the audience appeal and marketability—or in other words the commercial appeal—of Australian-produced films. I am certainly a very strong advocate for the film industry, but it is very clear to me that we need to ensure we appropriately balance the cultural and industry goals of the film industry. Likewise the same can be said, although to a lesser extent, of the television industry.

There were many times when, as a member of the committee, I was interested to take evidence and testimony from witnesses who expressed very fervent support for the notion that the film and TV industry in Australia ought to be focused on ensuring that it was about cultural values or, to use the somewhat clichéd phrase, Australian stories with Australian voices. That is certainly not something I am dismissive of, but I recognise that it is necessary to balance the need for Australian stories to be told with Australian voices against the economic reality. The economic reality is that you cannot have these kinds of productions continuing if they do not have broadscale commercial appeal. It may be very well and good—and I have said this in a number of instances in private to other committee members—to have 30 Australians sitting in a cinema thoroughly enjoying a film, but if it does not have broader appeal than that then, in my view, there is little point.

We are standing at the cusp of making a decision about whether or not we believe the future of Australia's film and TV industry is confined to being simply a subsidy to support cultural values, or whether we believe that the film and TV industry is in fact an industry that could grow to be a much larger version of what it currently is. In order for it to grow, it is fundamental that we recognise that Australian-produced product needs to have commercial appeal.

It is through success at the commercial box office and through success and demand for Australian TV productions that we will ensure there is long-term sustainability for the film and TV industry. It is through the production of hundreds of millions of dollars of exports of both Australian film and Australian TV that we, as a government and as a country, will ensure that Australian icons—especially our cultural icons—continue to exist into the future. We will ensure that this occurs by virtue of the fact of there being a ready supply of sustainable funds, a percentage of which can be diverted into those thoroughly worthwhile cultural pursuits.

That said, it is important that we do not allow the debate in this industry to be hijacked by those who only have eyes for cultural values. It is important that we recognise there is a very large industry. Perhaps this was best encapsulated by Brian Rosen from the FFC, who commented to the committee that one of the principal problems is that 'the art is a business and the business is an art'. This certainly seems to underscore much of the debate in the community with regard to the film and TV industry. I am certainly of the view that we need to become more focused on the business side of it. That is why I am very pleased that a number of the recommendations contained in the *From reel to unreal* report indicate our need to place increased significance on making this industry commercially viable and commercially attractive.

In contrast to our film and TV industry, I point to the situation that currently exists with the electronic games industry. The electronic games industry in this country employs only some 700 people and yet it has exports worth over \$100 million which, in turn, publishers are generating into \$750 million worth of sales internationally. Fundamentally there seems to be a difference between the overall approach of the film and TV local production industry in Australia from that of the games industry. As a member of the committee, travelling the length and breadth of this country, when we spoke with people it was very clear there was a significant divide in terms of the approach of producers in both the film and TV industry on the one hand and the games industry on the other. In principle, this divide centred on the fact that those in the film and TV industry in the main took the view that film and TV was, as I mentioned before, about ensuring cultural values were attached to their product and they saw the promotion of Australia's cultural identity being put as the paramount value, whereas those in the games industry were more focused and concerned with ensuring they had a viable commercial product with the ability to be sold internationally.

Certainly it is my view that this latter approach to the development of production needs to be harnessed, expanded and rolled out across the film and TV industry. Australians respond well to American and to British productions—not because they have some rejection of Australian values, but because it is what they want to see. We have every opportunity in this country to replicate those same production values—that means good script writing, good production values and good distribution—to ensure that we can grow an industry. Down the track, once we have a sustainable industry, as I have said, we can then siphon off a percentage of that and pursue wholly cultural aspects of film and TV production.

When you consider future trends in this marketplace, you see that the global media market is expected to grow by about 4.8 per cent each year between 2003 and 2007. The games industry is expected to grow at some 11.2 per cent and the film industry at some 6.4 per cent each year over this period. This is an exciting industry to be involved with. As a government member, I am certainly hopeful that the recommendations contained in this report will be adopted in totality because, with the benefits of this investment, they stand to place not only this government but the Australian people well poised in the creative industries. Principal among those benefits is the fact that creative industries develop intellectual property. Intellectual property, by its nature, can be replicated almost to the point of infinity—such as allowing a film, a book, a game or a TV production to be resold many times, with little additional cost being incurred as a consequence of producing subsequent copies of those particular items. In each instance this is done, export income is generated for this country.



I take this opportunity to commend the hard working committee secretariat that were involved with the production of *From reel to unreal*. Each of them put in a sterling effort with regard to getting the report finalised. I also acknowledge the committee's initial chair, Christopher Pyne, and its subsequent chair, Bob Baldwin, both of whom did an outstanding job in leading the committee. I was very pleased to take an active role in this. I must also thank the Gold Coast City Council, in particular Councillor Jan Grew, as well as all of the witnesses that took the time to show the committee through their premises not only on the Gold Coast but also in Sydney, Adelaide, Melbourne and Perth.

I am very pleased that this report recognises that the future for the industry is a rosy one provided that we focus on commercial appeal, for the film and TV industry in particular. I am very pleased that as committee we acknowledge there is a role to be played with cultural values by creative industries within this country. But that, as I said, must be balanced against that need for commercial appeal.

The electronic games, special effects and film and TV industries on the Gold Coast certainly have a bright future ahead. Through recent initiatives that the Howard government introduced, I am certain this industry will go from strength to strength. On the Gold Coast, we have seen significant investment by both the public and the private sector and we have world-class facilities for film and TV production. We have emerging game developers on the Gold Coast and in Brisbane that should be very proud of what they have accomplished thus far. It is my fervent hope that the report *From reel to unreal* and the recommendations contained within it will enable the clasps to be lifted off them so they are able to soar and develop this industry into the industry we all share a common view for in the future.

Debate (on motion by **Mr John Cobb**) adjourned.

**Main Committee adjourned at 12.38 p.m.**

### QUESTIONS ON NOTICE

The following answers to questions were circulated:

#### Census of Population and Housing

(Question No. 2738)

**Mr Laurie Ferguson** asked the Treasurer, upon notice, on 6 November 2003:

- (1) Why was the community given only four weeks to respond to the Australian Bureau of Statistics (ABS) Information Paper Census of Population and Housing: ABS Views on Content and Procedures 2006 (2007.0) which was released on 2 July 2003.
- (2) How many submissions were received by the ABS (a) by the due date of 30 July 2003, and (b) after that date.
- (3) How many submissions expressed concern about the sections of the paper dealing with (a) main languages other than English spoken at home, (b) ancestry, (c) country of birth of parents, and (d) Australian citizenship.
- (4) Which (a) Commonwealth Departments and agencies, (b) State Government Ministers and agencies, and (c) local government bodies forwarded submissions expressing concern about these aspects of the paper.
- (5) Following the consideration of public submissions, has the Acting Australian Statistician given the Government further advice on the proposed content of the 2006 Census; if so, what are the details of this advice.
- (6) What further consultation, if any, is proposed before the content of the 2006 Census is finalised and when is a final decision due to be made.

**Mr Costello**—The answer to the honourable member's question is as follows:

- (1) Based on experience, 4 weeks was assessed as an adequate timeframe. However, because of the interest in the 2006 Census topics, the deadline for receipt of submissions was extended to 6 August 2003 and submissions received up to 26 August were accepted.
- (2) (a) 860 submissions were received by 30 July 2003. (b) 348 submissions were received after that date.

Topic	Submissions received expressing concern
Main language other than English	143
Ancestry	18
Country of birth of parents	24
Australian Citizenship	8

- (4) (a) **Commonwealth Departments**  
 Aboriginal and Torres Strait Islander Service  
 Australian Electoral Commission  
 Australian Institute of Health and Welfare  
 Australian Taxation Office, Special Audiences Unit  
 Centrelink, Multicultural Services  
 Council of Multicultural Australia  
 Department of Health and Ageing

Department of Immigration and Multicultural and Indigenous Affairs

Department of the Parliamentary Library

Multicultural Mental Health Australia

**(b) State Government Ministers and Agencies**

New South Wales

Department of Ageing, Disability and Home Care

Department of Community Services

Department of Education and Training

Department of Infrastructure, Planning and Natural Resources

NSW Community Relations Commission

NSW Department of Health

- Diversity Health Institute

- Hunter Area Health Service

- South East Health, Multicultural Health Unit

- South Western Sydney Area Health Service

- Western Sydney Area Health Service

NSW Department of State and Regional Development

NSW Department of Environment Protection Authority

Office of Fair Trading

*Victoria*

Department of Human Services

Department of Innovation, Industry and Regional Development

Victorian Multicultural Commission

Victorian Office of Multicultural Affairs

*Queensland*

Department of Premier and Cabinet

Office of the Queensland Government Statistician

State Library of Queensland

*South Australia*

Department of Further Education, Employment, Science and Technology

Planning SA

South Australian Multicultural and Ethnic Affairs Commission

*Western Australia*

Department of Premier and Cabinet

Disability Services Commission

State Library of Western Australia

**(c) Local Government**

Bankstown City Council

Banyule City Council

Baulkham Hills Shire Council  
Blue Mountains City Council  
Brisbane City Council  
Burwood Council  
Campbelltown City Council  
Canterbury City Council  
City of Canada Bay Council  
City of Cockburn Public Library  
City of Perth Library  
City of Ryde  
City of Wanneroo Library Service  
Fairfield City Council  
Fairfield City Library  
Girrawheen Public Library  
Hawkesbury City Council  
Holroyd City Council  
Hurstville City Council  
Lismore City Council  
Liverpool City Council  
Logan City Council  
Mackay City Council  
Maroochy Shire Council  
Penrith City Council  
Port Stephens City Council  
Randwick City Council  
Sutherland City Council  
Victoria Park Library  
Waverly Council  
Willoughby City Council  
Willoughby City Library

- (5) No further advice has been provided to the Government at this stage.
- (6) Consultation will continue with advisory groups and key users of census data. The Australian Statistician advises that he expects to make recommendations to the Government on the content of the 2006 Census in the near future.

### **Medicare**

#### **(Question No. 2961)**

**Dr Emerson** asked the Minister for Health and Ageing, upon notice, on 10 February 2004:

- (1) In respect of the community awareness campaign for the (a) Fairer Medicare package and (b) MedicarePlus package of measures, has the campaign been considered by the Ministerial Committee on Government Communication.

- (2) How much has his Department budgeted for the (a) Fairer Medicare package and (b) MedicarePlus package campaign (i) in total, (ii) for creative production, (iii) for placement, (iv) for research.
- (3) Has or will the campaign for the (a) Fairer Medicare package and (b) MedicarePlus package be undertaken through (i) television, (ii) newspapers, (iii) radio, (iv) a mail-out, and (v) a website.
- (4) What are the budgeted costs for the (a) Fairer Medicare package and (b) MedicarePlus package for (i) television, (ii) newspapers, (iii) radio, (iv) a mail-out, and (v) a website for this campaign.
- (5) In respect of each campaign, which (a) advertising company or companies, (b) market research company or companies, and (c) public relations company or companies have been selected to carry out part or all of this campaign.
- (6) Between which dates does he expect each campaign to take place.

**Mr Abbott**—The answer to the honourable member's question is as follows:

- (1) (a) and (b) Communication activities for A Fairer Medicare, the MedicarePlus announcement in November 2003 and the enhancements announced in March 2004 were not of a campaign nature, and were therefore not considered by the MCGC. Communication activities involved informing the public and health professionals of new policies and their planned implementation, with a telephone inquiry line number and website address to assist with inquiries.

The Ministerial Committee on Government Communications (MCGC) has considered a campaign, which has been released as the Strengthening Medicare campaign. The campaign started on 23 May 2004.

- (2) (a) (i) The Government announced in the May 2003 Budget, funding of \$21.1 million over two years for the provision of information to the public and medical professionals on their rights, entitlements and obligations under the government's changes to Medicare (described at the time as A Fairer Medicare).

A total of \$780,319 was spent on communications activities related to A Fairer Medicare, between its announcement on 28 April 2003, and the announcement of MedicarePlus on 18 November 2003.

(ii) Creative production for A Fairer Medicare was undertaken using departmental resources.

(iii) Placement costs for A Fairer Medicare of \$215,000 covered advertising placed by the Government's media buying agency, HMA Blaze, in newspapers across Australia after the 28 April 2003 announcement of A Fairer Medicare. This placement aimed to inform the public about where to access more information about the package (the 1800 information line and the department's website).

(iv) The Department of Health and Ageing commissioned market research firm Worthington Di Marzio in April 2003, at a cost of \$39,000. The aim was to test concepts and understanding of Medicare issues so that appropriate communication activities and key messages about the government's Medicare proposals could be developed in clear language that is effective and easy to follow.

(b) (i) The budget allocation for a Medicare campaign was \$21.1 million over two years.

(ii) The budget for the development of creative production is not settled as the campaign is still running and final costs are not available.

(iii) Funds for placement can only be estimated as the campaign is progressing during June, and media placement schedules can be subject to adjustment while a campaign is running. At 9 June, based on a current media plan, the estimated budget is over \$15 million, but this is subject to final decisions on placements during the campaign.

(iv) As the campaign is still running and post-research and evaluation will not be completed until towards the end of July, final costs are not available.

- (3) (a) No campaign was undertaken for A Fairer Medicare.
- (b) The Strengthening Medicare campaign is being undertaken through the five avenues mentioned, that is, (i) television (ii) newspapers (iii) radio (iv) a mail-out and (v) a website. The website also includes information for the public and health professionals about the Medicare measures. Information is also provided for health professionals about how they can take up the incentives and access the programs covered by the changes to Medicare.
- (4) (a) (b) (i) (ii) (iii) (iv) and (v) See the answer to question (2).
- (5) (a) No campaign was undertaken for A Fairer Medicare. For the Strengthening Medicare campaign, Whybin TBWA & Partners were selected to undertake the creative development of the campaign.
- (b) No campaign was undertaken for A Fairer Medicare. Worthington Di Marzio was selected to undertake research for the Strengthening Medicare campaign
- (c) No campaign was undertaken for A Fairer Medicare. For the Strengthening Medicare campaign, Gavin Anderson and Company were selected to undertake the public relations components of the campaign.
- (6) No campaign was undertaken for A Fairer Medicare, which was announced on 28 April 2003. Features of A Fairer Medicare were carried into the government's MedicarePlus package announced on 18 November 2003 and enhanced on 10 March 2004. The Strengthening Medicare campaign started on 23 May 2004. Advertising is expected to be completed by 26 June 2004.

#### **Social Welfare: Age Pensions**

#### **(Question No. 3308)**

**Mr Andren** asked the Minister representing the Minister for Finance and Administration, upon notice, on 11 March 2004:

- (1) Was the Government's 1997 decision to index the Age pension to the higher of the Consumer Price Index (CPI) or Male Total Average Weekly Earnings (MTAWE) recognition of the inadequacy of CPI-only indexing to keep pace with rising costs and standards of living.
- (2) Was the Government's recent decision to link a portion of Totally and Permanently Incapacitated (TPI) veterans' disability pensions to the higher of the CPI or MTAWE recognition of the inadequacy of CPI-only indexing to keep pace with rising costs and standards of living.
- (3) Will the Government apply the same policy to those Commonwealth superannuation pensions currently indexed only to the CPI in recognition that this indexation is inadequate for keeping pace with rising costs and standards of living; if not, why not.

**Mr Costello**—The Minister for Finance and Administration has supplied the following answer to the honourable member's question:

In preparing this answer, it was necessary to obtain input from the Family and Community Services portfolio and the Veterans' Affairs portfolio.

- (1) (2) Age pensions are increased in line with the Consumer Price Index (CPI) and are also set at a minimum level of 25 per cent of Male Total Average Weekly Earnings (MTAWE).

The decision to set age pensions at 25 per cent of MTAWE, as well as continuing to raise age pensions in line with CPI, ensures that people who are no longer participating in paid work and who receive the means tested age pension are able to share in general improvements in community standards of living as measured by wages.

The maximum rate of age pension provides a social safety net for persons who have limited other support in their retirement. This rate is subject to both an income test and an asset test, with the amount of the pension being reduced if other income exceeds certain levels or the value of assets

held exceeds certain levels. If the level of other income or assets is sufficiently high, no age pension would be payable.

Disability pensions are paid under the Veterans' Entitlements Act 1986 to compensate where an illness or injury has been accepted as being caused or aggravated by a veteran's eligible war or defence service. Historically Australia has taken a generous approach to the level of these pensions reflecting the standing of veterans in the community. Disability pensions paid above the general rate include the Special (TPI) Rate, the Intermediate Rate and the Extreme Disablement Adjustment. Together, veterans receiving these rates are the most disabled in the veteran community.

- (3) Australian Government superannuation pensions are occupational superannuation benefits and are not intended to provide beneficiaries with special support in cases of social or other disadvantage. Any level of other income or assets a beneficiary may have does not affect the rate of superannuation pension.

Australian Government superannuation pensioners who receive lower rates of pension and have few or no assets will be assisted by the age pension safety net arrangements in the same way as other recipients of small superannuation pensions.

The Government considers that indexation using the CPI increase method provides an equitable and satisfactory method for calculating pension increases and protects the living standards of retired Australian Government employees. It is quite usual for superannuation pensions to be indexed by the CPI.

The purpose of indexation, as outlined in the 1974 Pollard/Melville report, is to ensure that pensions are 'not eroded by inflation, but should be adjusted to compensate for the increased cost of living' ("Report on the Treasurer's Proposals for a New Superannuation Scheme for Australian Government Employees"). The Pollard/Melville report considered that indexing pensions by the CPI would achieve this objective.

The ABS has indicated that, while it is not possible to calculate a perfect measure of the cost of living, the CPI does provide a reasonable measure of the cost of living. This statement is consistent with the following comments provided by an ABS representative to the Senate Committee on Superannuation and Financial Services (Hansard, 15 February 2001):

... for large parts of the population, cost of living and inflation are fairly similar things, and movements in the CPI could be considered to be consistent with movements in cost of living. (SFS 89 - 90)

A thorough analysis of the cost of living of retirees is contained in an article published by the Australian Bureau of Statistics (ABS) entitled "Analytical living cost indexes for selected Australian household types: update to June 2003". In this article the ABS measured and compared changes in the CPI against changes in prices of out-of-pocket living expenses experienced by different categories of households, including self-funded retiree households. The results have revealed that the CPI compares favourably with the cost of living index for self-funded retiree households over the four year period to June 2003.

The Bureau's research indicates that for the period from June 1998 to June 2003 the CPI increased by 16.8%. This compared favourably with the living cost index for self-funded retiree households, which increased by 16.1% over the same period. Based on these results, the ABS article concluded that "the CPI provides a reasonable estimate of changes in living costs for each of the selected household types over this period."

The ABS findings further reinforce the Government's belief that the CPI does provide a reasonable measure of the cost of living, and that the living standards of retired Australian Government employees are not being eroded.

**Social Welfare: Disability Support Pension**  
**(Question No. 3349)**

**Mr Gibbons** asked the Minister representing the Minister for Family and Community Services, upon notice, on 23 March 2004:

- (1) Is the Minister aware that disabled persons, for example, people with cerebral palsy or permanent intellectual disabilities, are forced to complete a Medical Service Update at regular intervals in order to receive their Disability Support Pension.
- (2) Can the Minister confirm that people with cerebral palsy or permanent intellectual disabilities are not likely to experience any change in their conditions during their lifetime.
- (3) Is the Minister aware of the stress and frustration the ongoing requirement to complete these forms causes to people with permanent disabilities and more particularly to the parents of disabled persons who generally have to complete the forms for their disabled adult children.
- (4) Would the Minister consider providing an exemption from the ongoing requirement to complete medical forms for those disabled persons who have cerebral palsy or permanent intellectual disabilities and who are not likely to experience any change or improvement in their conditions.

**Mr Anthony**—The Minister for Family and Community Services has provided the following answer to the honourable member's question:

- (1) This is incorrect. In December 2003 the two and five yearly cyclical Disability Support Pension reviews were replaced by 'service update reviews'. These reviews are conducted for those customers whose circumstances are more likely to have changed, and can cover both medical and non-medical eligibility. Not all customers selected for a service update review will be required to undergo further assessment of their medical eligibility for the pension.
- (2) While conditions like cerebral palsy or intellectual disability are present for life, it is entirely possible that the impact on a person's functional abilities and/or their capacity for gainful employment will change over time. Assessment for Disability Support Pension is about changing capacity for work, not a change in the underlying medical condition.
- (3) Reviews for Disability Support Pension or any other Social Security payment obtain only such information required to determine ongoing entitlement to payment and possible eligibility for other programs of assistance.
- (4) The purpose of the medical form is to determine any change in capacity for work. It would not be helpful to exempt anyone from confirmation of capacity for work simply because of the medical condition.

**Treasury: Domestic and Overseas Air Travel**  
**(Question No. 3451)**

**Mr Quick** asked the Treasurer, upon notice, on 1 April 2004:

- (1) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister's department on domestic and overseas air travel.
- (2) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of domestic air travel by employees of the Minister's department was provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue.
- (3) For the financial year (a) 2000/2001, and (b) 2002/2003, what was the actual expenditure by the Minister's department on domestic air travel provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue



- (4) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister's department on business class travel on (i) domestic routes, and (ii) overseas routes.
- (5) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister's department on economy class travel on (i) domestic routes, and (ii) overseas routes.
- (6) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of the expenditure on air travel by the Minister's department was on the domestic routes. (i) Sydney to Canberra, (ii) Melbourne to Canberra, (iii) Sydney to Melbourne, (iv) Sydney to Brisbane, (v) Melbourne to Hobart or Launceston, and (vi) Sydney to Perth.
- (7) For the financial year (a) 2000/2001, and (b) 2002/2003, how many employees of the Minister's department had membership of the (i) Qantas Chairman's Lounge, (ii) Qantas Club, (iii) Regional Express Membership Lounge, and (iv) Virgin Blue's Blue Room paid for by the Department.
- (8) Which company provides travel management services to the Minister's department.

**Mr Costello**—The answer to the honourable member's question is as follows:

- (1) (a) In 2000/2001, the amount spent on domestic air travel was \$595,729 and the amount spent on international air travel was \$1,021,483.  
(b) In 2002/2003, the amount spent on domestic air travel was \$920,042 and the amount spent on international air travel was \$1,249,233.
- (2) (a) In Financial year 2000/2001, Treasury contracted Ansett Airlines as its travel management provider. Due to the subsequent collapse of Ansett, it is not possible to retrieve records of the use of individual carriers or payments made by Ansett to other airlines.  
(b) In Financial year 2002/2003, the proportion of domestic airfares paid to carriers were:
  - (i) Ansett - nil
  - (ii) Qantas (and subsidiaries) - 99.08%
  - (iii) Regional Express - 0.75%
  - (iv) Virgin Blue and other carriers - 0.17%
- (3) (a) Reporting systems were not able to provide a break-up of individual airline expenditure in 2000/2001, for the reasons explained in question (2).  
(b) In Financial year 2002/2003, domestic travel was as follows:
  - (i) Ansett - nil
  - (ii) Qantas (and subsidiaries) - \$911,578
  - (iii) Regional Express - \$6,900
  - (iv) Virgin and other carriers \$1,564
- (4) (a) The business class break up for 2000/2001 is not available, for the reasons explained in question 2.  
(b) (i) Business class domestic expenditure for 2002/2003 was \$257,612.  
(ii) Business class overseas expenditure for 2002/2003 was \$789,689.
- (5) (a) The economy class break up for 2000/2001 is not available, for the reasons explained in question 2.  
(b) (i) Economy class domestic expenditure for 2002/2003 was \$662,430.  
(ii) Economy class overseas expenditure for 2002/2003 was \$43,093
- (6) (a) The details for 2000/2001 are not available, for the reasons explained in question 2.  
(b) In 2002/2003, details are as follows -

- (i) Sydney to Canberra - \$320,717
  - (ii) Melbourne to Canberra - \$258,126
  - (iii) Sydney to Melbourne - \$77,828
  - (iv) Sydney to Brisbane - \$35,519
  - (v) Melbourne to Hobart - \$4,453 , Melbourne to Launceston -, \$267.70
  - (vi) Sydney to Perth - \$26,354.
- (7) Qantas Chairman's Lounge is by invitation only and there is no membership or fee applicable. Currently, there are five officials of the Treasury who have access to the Chairman's Lounge.
- (a) (ii) In 2000/2001, 56 employees were Qantas Club members. In 2002/2003, 116 employees were Qantas Club members.
  - (iii) and (iv) No employees were members of Regional Express or Virgin Blue membership lounges during those two years.
- (8) Treasury currently uses Qantas Airways Limited to provide travel management services.

#### **Health: Macular Degeneration**

#### **(Question No. 3480)**

**Ms George** asked the Minister for Health and Ageing, upon notice, on 11 May 2004:

- (1) Is it the case that Macular Degeneration (MD) is the leading cause of blindness and severe vision impairment in Australia and can he confirm that it is estimated that over 800,000 Australians have some form of MD and the incidence is predicted to triple in the next 25 years.
- (2) Can he confirm that the treatment Visudyne Therapy is commonly prescribed for sufferers of one form of MD, Subfoveal Choroidal Neovascularisation (CNV), and that Visudyne Therapy has been shown to close down CNV and slow and stabilise vision loss; if so, can he also confirm that there is no clinically proven alternative treatment for CNV.
- (3) Is it the case that (a) MD most commonly affects the aged, (b) the sooner Visudyne Therapy is started the higher is its success rate in slowing the progression of sight loss, (c) Visudyne Therapy is a multiple therapy typically requiring 6-7 treatments for 3 years to be effective, and (d) Visudyne Therapy is an acute high cost therapy costing around \$2,100 per vial with procedural costs of \$360-\$600 per treatment.
- (4) Has his department investigated, or is he aware of any research that has measured, (a) the extent and impact of MD in Australia and (b) the financial implications for the Government in offering services to those who have lost their sight because of the disease.
- (5) Has Visudyne Therapy ever been considered for a Medicare Benefits Schedule (MBS) item number; if so, what were the reasons for not assigning Visudyne Therapy an MBS item number; if not, (a) why not, and (b) will he direct that Visudyne Therapy be considered for an MBS item number; if not, why not.
- (6) Have drugs associated with Visudyne Therapy ever been considered for addition to the Pharmaceutical Benefits Scheme (PBS); if so, what were the reasons for not listing drugs associated with Visudyne Therapy on the PBS; if not, (a) why not, and (b) will he direct that drugs associated with Visudyne Therapy be considered for addition to the PBS; if not, why not.

**Mr Abbott**—The answer to the honourable member's question is as follows:

Technical officers of my department advise:

- (1) Macular Degeneration (MD) is widely regarded as the leading cause of irreversible vision loss in older people in developed countries such as Australia.

Estimates of incidence and prevalence of MD in the Australian population vary widely depending on the study methodology used. The Department of Health and Ageing has commissioned the Australian Institute of Health and Welfare to produce a statistical bulletin on the prevalence of vision problems in older Australians, including blindness and severe vision impairment from MD.

- (2) Visudyne® therapy may be used to treat people with subfoveal choroidal neovascularisation (CNV). Visudyne® therapy has been considered by the Australian Government's Medical Services Advisory Committee (MSAC). The MSAC found that there is some evidence that the therapy may retard the rate of visual loss in the short term for patients with predominantly classic subfoveal CNV secondary to macular degeneration, a small minority of macular degeneration cases. Around 1,800 patients with this type of CNV commenced Visudyne® therapy under Medicare in 2002-03. Clinically proven alternative treatments include laser photocoagulation. However, this procedure is not widely used for patients with subfoveal CNV as it causes an initial sharp irreversible reduction in vision.
- (3)
  - (a) Yes
  - (b) This is a matter for the treating doctor. Clinical guidelines indicate Visudyne® therapy should occur ideally within one week of the initial retinal photograph on which the clinical decision to treat is based.
  - (c) The MSAC report referred to in question (2) noted a lack of evidence of effectiveness beyond two years. Repeat treatments are required and clinical trial results suggest a treatment number of around seven over three years. Medicare data for Visudyne® therapy is not yet available for a three-year period.
  - (d) Visudyne® therapy is a treatment for a chronic condition. The Medicare Benefits Schedule (MBS) fees for the doctor's services are currently \$378.20 for unilateral treatment and \$453.85 for bilateral treatment. The Visudyne® dye costs \$2,100 per vial.
- (4)
  - (a) and (b) The Department of Health and Ageing is aware of research that has estimated the prevalence and incidence of MD in Australia. The Department has not investigated the financial implications for the Government in offering services to those who have lost their sight due to MD, although it is aware of some attempts in the research literature to do so for blindness generally.
- (5)
  - (a) and (b) Yes. MBS items 42875 – 43002 and 43005 – 43017 provide Medicare rebates for the doctor's services. Patients with predominantly classic subfoveal CNV lesions secondary to macular degeneration receive Visudyne® dye through a Health Program Grant under Part 4 of the Health Insurance Act 1973 paid to the manufacturer of the dye.
- (6) No. Drugs associated with Visudyne® therapy have never been considered for listing on the Pharmaceutical Benefits Scheme (PBS).
  - (a) The sponsor of Visudyne® has not sought listing on the PBS.
  - (b) No. Visudyne® therapy is already funded through Medicare. Further, the Government cannot compel a sponsor to seek listing of a product on the PBS.

### **Health: Cochlear Implants**

#### **(Question No. 3486)**

**Mr Price** asked the Minister for Health and Ageing, upon notice, on 11 May 2004:

- (1) What is the cost of a cochlear implantation.
- (2) For each state and territory, for those who cannot afford the operation, (a) how many operations per year are performed at public expense, and (b) how long is the waiting list.

**Mr Abbott**—The answer to the honourable member's question is as follows:

- (1) The National Hospital Cost Data Collection estimates that for the 2001-02 year, the average cost of a cochlear implant was \$25,000 in public hospitals. The major cost is prostheses, with an estimated cost of \$21,000 for this component.
- (2) (a) In 2001-02, there were 140 episodes of care in hospitals where public patients received cochlear implants. Of these, 47 were conducted in NSW hospitals, 48 in VIC hospitals, 25 in QLD hospitals, 5 in SA hospitals, and 15 in WA hospitals.  
(b) The Australian Government does not obtain waiting list information specifically for cochlear implantation.

### Health and Ageing: Staffing

#### (Question No. 3543)

**Mr McClelland** asked the Minister for Health and Ageing, upon notice, on 11 May 2004:

- (1) What is the full list of groups, divisions, branches and other work units (however named) in the Minister's department.
- (2) How many full-time equivalent staff currently work in each work unit.
- (3) In respect of each work unit, how many staff are (a) ongoing, and (b) non-ongoing, and what are their broad-banded classifications.
- (4) What was the operating cost of each work unit for 2002-2003.
- (5) What is the budgeted operating cost for (a) 2003-2004, and (b) 2004-2005.

**Mr Abbott**—The answer to the honourable member's question is as follows:

- (1) The Department is unable to report below Divisional level as the considerable work involved would require a significant diversion of resources from other Departmental operations.
- (2) (3) (a) (b) (4) (5) (a) See Attachment A.
- (5) (b) The budgeted operating cost for 2004-05 will be agreed during the first quarter of the financial year.

#### Attachment A

Business Unit	Staffing as at 1 May 2004			Broad banded classifications as at 1 May 2004				Operating costs	
	Number of Full Time equivalent staff	Ongoing	Non-ongoing	APS 1- APS 6	EL1- EL2	Professional Classification	SES	Operating cost for f/y 2002-2003 \$'000	Budgeted operating cost for f/y 2003-2004 \$'000
Acute Care	162.8	146.7	16.1	82.1	68.3	6.6	5.7	21,265	24,669
Ageing & Aged Care	268.4	237.1	31.3	155.8	101.4	2.9	8.4	39,578	40,360
Audit and Fraud Control	9.1	9.1	-	3.0	5.2	-	1.0	1,397	1,500
Business Group including Corporate	390.2	323.8	66.4	224.6	122.7	35.9	7.1	86,068	82,445
Executive	9.3	7.3	2.1	5.2	-	-	4.2	1,993	2,102
Health Services Improvement	224.1	200.4	23.7	118.0	96.8	3.6	5.7	20,492	22,281
Information & Communications	154.1	130.5	23.6	60.4	84.8	4.7	4.2	21,270	38,740
Medical & Pharmaceutical Services	295.7	276.2	19.5	138.8	143.7	6.7	6.4	42,861	49,675
Minister's office	7.8	7.8	0.0	2.4	5.4	-	-	1,726	1,645
NHMRC	132.0	119.7	12.3	79.4	46.5	0.9	5.2	11,675	13,043
Office for Aboriginal &	118.2	103.3	14.9	60.9	49.4	2.9	5.0	10,283	11,858

#### QUESTIONS ON NOTICE

Business Unit	Staffing as at 1 May 2004			Broad banded classifications as at 1 May 2004				Operating costs	
	Number of Full Time equivalent staff	Ongoing	Non-ongoing	APS 1- APS 6	EL1- EL2	Professional Classification	SES	Operating cost for f/y 2002-2003 \$'000	Budgeted operating cost for f/y 2003-2004 \$'000
Torres Strait Islander Health									
Population Health	234.3	219.6	14.7	117.4	106.9	4.3	5.6	23,042	24,402
Portfolio Strategies	117.9	105.8	12.1	65.2	43.3	2.4	6.9	11,384	13,306
Primary Care	193.5	6.8	186.8	93.4	87.7	6.4	6.1	17,592	24,548
<b>SUB TOTAL</b>	<b>2,317.3</b>	<b>1,893.8</b>	<b>423.5</b>	<b>1,206.3</b>	<b>962.1</b>	<b>77.4</b>	<b>71.5</b>	<b>310,626</b>	<b>350,574</b>
ACT State Office	30.2	22.7	7.5	26.7	2.5	-	1.0	1,996	2,064
NSW State Office	179.8	165.0	14.8	158.9	19.8	-	1.0	12,914	14,051
NT State Office	54.6	51.4	3.3	44.1	9.9	0.6	-	4,261	4,912
QLD State Office	130.3	112.7	17.6	111.0	17.6	0.6	1.0	9,400	10,495
SA State Office	88.4	84.7	3.7	78.3	9.0	-	1.2	6,567	6,959
TAS State Office	42.6	38.4	4.2	39.4	3.2	-	-	3,171	3,405
VIC State Office	148.7	134.2	14.5	128.2	19.4	-	1.2	11,411	12,217
WA State Office	88.5	83.5	5.0	74.0	12.8	0.6	1.1	6,956	7,436
<b>SUB TOTAL</b>	<b>763.0</b>	<b>692.6</b>	<b>70.5</b>	<b>660.5</b>	<b>94.2</b>	<b>1.8</b>	<b>6.4</b>	<b>56,676</b>	<b>61,539</b>
CRS Australia	1,595.8	1,421.5	174.3	482.6	103.4	1,005.8	4.0	140,382	162,553
Therapeutic Goods Administration (1)(2)	555.5	501.9	53.6	239.2	257.6	47.0	11.7	100,323	79,197
<b>SUB TOTAL</b>	<b>2,151.3</b>	<b>1,923.4</b>	<b>227.9</b>	<b>721.7</b>	<b>361.0</b>	<b>1,052.8</b>	<b>15.7</b>	<b>240,705</b>	<b>241,750</b>
<b>TOTAL</b>	<b>5,231.6</b>	<b>4,509.7</b>	<b>721.8</b>	<b>2,588.6</b>	<b>1,417.4</b>	<b>1,131.9</b>	<b>93.7</b>	<b>608,007</b>	<b>653,863</b>

Note

(1) The Therapeutic Goods Administration is comprised of TGA Special Account, TGA Departmental, NICNAS and OGTR.

(2) 2002-03 operating costs for the TGA Special Account include the write down of a bad debt of \$15.6 million relating to the extraordinary PAN recall.

**Health: Porcine Insulin  
(Question No. 3554)**

**Ms O'Byrne** asked the Minister for Health and Ageing, upon notice, on 11 May 2004:

- (1) Can he confirm that porcine insulin was withdrawn from the Australian market about 10 years ago.
- (2) Are there concerns that Mad Cow Disease may cause problems with continued sourcing of bovine insulin.
- (3) Can he say how many people there are who cannot tolerate synthetic insulin.
- (4) Can he say how many people are currently importing porcine insulin from the United Kingdom.

**Mr Abbott**—The answer to the honourable member's question is as follows:

- (1) Yes
- (2) Potentially yes. The Therapeutic Goods Administration (TGA) is responsible for the regulation of medicines and medical devices in Australia. A number of years ago the TGA adopted a European Union Guideline that directs sponsors to source bovine products from countries identified as BSE-free, or where other control measures are in place to reduce the risk of TSE. Bovine products are generally considered high-risk but insulin is extracted from the pancreas, which is recognised internationally as an organ of low potential infectivity. Notwithstanding this, the TGA requires insu-

lin products approved for registration in Australia to be sourced from BSE-free countries, or where other control measures are in place to reduce the risk of TSE.

- (3) No, but the number of patients in Australia who do not use synthetic insulins is very small (estimated at less than 200 in 2004).
- (4) No. There are provisions that allow personal importation of insulins without TGA involvement.

### **Social Welfare: Age Pensions**

#### **(Question No. 3564)**

**Mr Price** asked the Minister representing the Minister for Family and Community Services, upon notice, on 12 May 2004:

- (1) When was the reciprocal agreement on age pensions between Australia and the United Kingdom (UK) signed.
- (2) How many recipients of a UK Pension reside in (a) Australia, (b) NSW, and (c) the electoral division of Chifley.
- (3) How many residents of the UK are entitled to an Australian pension.
- (4) Under the agreement is either party able to cap the pension entitlement, if so, why.
- (5) Is the agreement subject to review; if so, when; if not, why not.

**Mr Anthony**—The Minister for Family and Community Services has provided the following answer to the honourable member's question:

- (1) Australia has had a series of social security agreements with the United Kingdom (UK) since 1953. The latest agreement, signed in October 1990 and implemented in June 1992, was terminated by Australia on 1 March 2001.  
The former agreement continues to apply to people who were receiving payments under its provisions before termination.
- (2) (a) In January 2004 the UK Department of Work and Pensions advised that there were 230 407 UK pensions being paid to people living in Australia. Of that number approximately 168 000 are Centrelink customers.  
(b) This information is not available as the UK Department of Work and Pensions does not supply us with disaggregated data, however there are approximately 39 275 Centrelink customers in NSW who receive a UK pension, based on postcode data.  
(c) This information is not available as the UK Department of Work and Pensions does not supply us with disaggregated data, however there are approximately 1440 Centrelink customers in the electorate of Chifley who receive a UK pension, based on postcode data.
- (3) As at 2 May 2004 Australia was paying 2697 pensions to people living in the UK.
- (4) Article 16(2) of the former social security agreement between Australia and the UK specified that the Australian pension payable under the agreement is to be reduced by the amount of the UK pension received. The UK pension is deducted from the maximum rate of Australian pension then the Australian pension income test is applied to other income the pensioner receives.  
Similarly, article 3(6) of the former agreement specifies that a UK pensioner who receives an Australian pension has their UK pension reduced by the amount of Australian pension.
- (5) The agreement was terminated on 1 March 2001.

**Foreign Affairs: Australians Detained Overseas****(Question No. 3596)**

**Ms Roxon** asked the Minister for Foreign Affairs, upon notice, on 27 May 2004:

- (1) How many Australians are currently detained or imprisoned overseas.
- (2) How many of these people (a) are sentenced prisoners, (b) are being held without charges having been laid, (c) have been held without charges having been laid for over two years, (d) have no access to legal representation, and (e) are facing trial before a questionably constituted military commission.

**Mr Downer**—The answer to the honourable member's question is as follows :

- (1) 188 at 31 May 2004 (with an additional 49 on bail)
- (2) (a) 146  
(b) 24  
(c) 2  
(d) 2  
(e) 0

**Saudi Arabia: Terrorism****(Question No. 3624)**

**Mr Danby** asked the Minister for Foreign Affairs, upon notice, on 3 June 2004:

- (1) Can he confirm whether Mr Magnus Johansson, an Australian resident, was killed in the attack by al Qaida in Khobar, Saudi Arabia.
- (2) Can he confirm that the Khobar terrorists went from room to room killing foreigners who were not Muslims; if so, how many people were killed.
- (3) Is he able to say whether Mr Johansson was killed by the terrorists or in the shootout with Saudi Arabian troops during the rescue.
- (4) Can he confirm reports that three of the four terrorists were deliberately released by Saudi security forces.
- (5) Is he aware of instances in which Saudi security forces have released suspected terrorists.
- (6) Is he able to say how many suspected terrorists or people who support or fund terrorism have been (a) arrested, (b) charged, and (c) convicted of terrorism offences in Saudi Arabia.
- (7) Does the Government share the view of other western governments that the government of Saudi Arabia has not taken sufficient action against terrorists operating in Saudi Arabia; if so, is he able to say whether (a) Saudi Arabia currently supports terrorism or terrorist organisations, (b) Saudi Arabia currently harbours terrorists or terrorist organisations, (c) Saudi Arabia's Interior Ministry has repeatedly failed to take action against al-Qaida terrorists operating in Saudi Arabia, and (d) what actions the government of Saudi Arabia has taken against Islamic charities which fund terrorist groups.
- (8) Has the Government made any representations to the government of Saudi Arabia about its actions in relation to (a) the terrorist attacks in Khobar, (b) the release of three suspected perpetrators of the attacks in Khobar, and (c) its failure to crack down on terrorists in Saudi Arabia or any other aspect of terrorism against westerners in Saudi Arabia; if so, (i) by whom, (ii) to whom, and (iii) what was the response; if not, why not.

**Mr Downer**—The answer to the honourable member's question is as follows :

- (1) Yes.
- (2) Reports indicate that 22 people were killed, including both Muslims and non-Muslims.
- (3) Reports indicate that Mr Johansson was killed by the terrorists.
- (4) No.
- (5) No.
- (6) No, although according to the United States State Department, Saudi Arabian authorities have arrested more than 600 individuals since the May 2003 attacks in Riyadh.
- (7) No.
- (8) No.